

JUL 7 1948

the MANAGEMENT REVIEW

the month's
best in
business
reading...

JULY, 1948

AMONG THE FEATURES

What Can Management Do?

Something Less Than Total

Clerical Work Simplification

Depreciating Office Furniture

Improving Supervisory Selection

Planned Employee Recreation

When Suggestion Systems Fail

Publicizing New Products

Compensating the General Executive

The Outlook for Interest Rates

Planned Insurance Buying

- PERSONNEL
- PRODUCTION
- OFFICE MANAGEMENT
- MARKETING
- FINANCE
- INSURANCE
- PACKAGING
- BOOKS OF THE MONTH

AMERICAN MANAGEMENT ASSOCIATION

Guides to Improved Financial Planning

NEW AMA STUDIES FOR CONTROLLERS AND COMPANY FINANCIAL EXECUTIVES

F.M. NO. 91 FINANCIAL CONTROLS AND BREAKEVEN POINTS \$1.00

The Financial Aspects of Breakeven Points, by George H. Blackett; A Flexible Method of Salary Cost Control, by Edward N. Hay, Personnel Officer, The Pennsylvania Company; Conservation of Corporate Liquid Assets, by Rolland J. Hamilton, Vice President, American Radiator-Standard Sanitary Corporation; Management of Reserves for Inventories and Depreciation, by George D. Bailey, Touche, Niven, Bailey and Smart; Your Stockholders—And You, by E. C. Potter, Jr., Georgeson & Co.

F.M. NO. 90 ECONOMIC OUTLOOK AND DEMAND FOR FUNDS50

The Short-Range Economic Outlook, by Marcus Nadler, Professor of Finance, Graduate School of Business Administration, New York University; The Long-Range Demand for Capital, by Sumner H. Slichter, Lamont University Professor, Harvard University; Tax Prospects for the Next Decade, by Ellsworth C. Alvord, Alvord & Alvord; The Outlook for Interest Rates, by Aubrey G. Lamston, Vice President, The First Boston Corp.

F.M. NO. 89 SOURCES OF FUNDS FOR BUSINESS EXPANSION75

Sources of Funds for Business Expansion (A Panel Session): Commercial Banks, by J. H. Riddle, Vice President, Bankers Trust Company; Savings Banks, by Earl B. Schwulst, President, National Association of Mutual Savings Banks, and Executive Vice President, The Bowery Savings Bank; Insurance Companies, by Stephen M. Foster, Economic Advisor, New York Life Insurance Company; Underwriters, by R. W. Valentine, Economist, Halsey, Stuart & Company; The Market, by Hans A. Widenmann, Carl M. Loeb, Rhoades and Co.

The list prices of the above reports are subject to membership discounts. To expedite orders and reduce bookkeeping, the Association requests remittances with orders under \$3.00. Please include 2% sales tax with remittances for New York City orders.

AMERICAN MANAGEMENT ASSOCIATION
330 WEST 42nd STREET • NEW YORK 18, N. Y.

James O. Rice, *Editor*; M. J. Doohar, *Managing Editor*; Alice Smith, *Research Editor*; Vivienne Marquis, *Associate Editor*; Evelyn Stenson, *Assistant Editor*.

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York 18, N. Y., at fifty cents per copy or five dollars per year. Vol. XXXVII, No. 7, July, 1948. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Changes of address should be forwarded to the publishers one month in advance, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

GENE

W
So
Ar

OFFICE

Ho
De
AL

PERSON

A
Po
Pl
AL

PRODU

Int
W
AL

MARKET

Pul
Fou
AL

FINANC

Cor
The
AL

INSURA

Buy
Bor
AL

SURVEY

A T
Beh
Lab
Hun

BRIEFER

July, 19

the MANAGEMENT REVIEW

Volume XXXVII

No. 7

JULY, 1948

Copyright 1948, American Management Association
Printed in U. S. A.

CONTENTS

GENERAL MANAGEMENT

- What Can Management Do? (*The Public Relations Journal*) 338
Something Less Than Total (*Fortune*) 342
ALSO: Corporate Donations in 1947; At 4 O'Clock Next Tuesday; Ceremonies in Opening New Plant

OFFICE MANAGEMENT

- How Uncle Sam Applies Work Simplification (*The Office*) 345
Depreciation Rates for Office Furniture (*American Business*) 348
ALSO: Formal Education: An Asset?; Facts and Figures About Bookkeepers; Unoccupied Desks Attract Expenses

PERSONNEL

- A New Method of Supervisory Selection (*The Journal of the Institute of Personnel Management*) 351
Pointers on Training Plant Reporters (*The Score*) 355
Planned Recreation for Employees (*Personnel Journal*) 357
ALSO: Employers and Unions in Close Race for Workers' Allegiance; The Trend of Wage Settlements; Individual Name Plaque Boosts Employee Morale; Handling Union News; Unique Employee Booklet

PRODUCTION MANAGEMENT

- Interlocking the Sales Forecast with Production Planning (*N.A.C.A. Bulletin*) 359
When Suggestion Systems Fail (*By Robert B. Shapiro*) 361
ALSO: Shift Differentials in Manufacturing; Supervisors Get Bonus on Workers' Accepted Suggestions; Safety Check List for Welders

MARKETING MANAGEMENT

- Publicizing New Products (*Industrial Marketing*) 364
Four Companies' Fleet Operating Costs (*The Dartnell Corporation*) 365
ALSO: Buying on Time

FINANCIAL MANAGEMENT

- Compensating the General Executive (*American Business*) 368
The Outlook for Interest Rates (*Barron's*) 371
ALSO: The Economic Role of Government; Retirement Plan That Encourages Participation

INSURANCE

- Buy Coverage According to Plan (*The Weekly Underwriter*) 373
Bond Underwriting Requirements (*The Insurance Broker-Age*) 374
ALSO: The Problem of Accident-Prone Drivers

SURVEY OF BOOKS FOR EXECUTIVES

- A Trade Union Analysis of Time Study (Reviewed by Marvin E. Mundell) 376
Behavior of Wages (Reviewed by John T. Dunlap) 376
Labor Unions in Action (Reviewed by A. A. Desser) 378
Human Relations in Action (Reviewed by H. G. Kenagy) 378

BRIEFER BOOK NOTES 379

July, 1948 337

GENERAL MANAGEMENT...

What Can Management Do?

WHAT can management do, or do better, through public relations, to serve freedom of enterprise and human welfare?

In much that I hear and read about public relations, I am confused by the mystery with which the subject is surrounded, and I have to fight to cut through the high-flown language with which its simple nature is concealed from view.

One of the best public relations jobs ever done by an American business was accomplished by Cluett, Peabody and Co., when they learned how to sew buttons on men's shirts so that even laundries couldn't get them off. Here was good public relations that did not call for a single lesson in journalism, radio, motion pictures, effective speech, or visual aids. (True, the company used them all to tell the story, but what was done to the product before the story was told was the real stuff of good public relations).

Two contrasting approaches to public relations are all around us. Anyone who has eaten in railroad dining cars has seen both operate in their elementary form.

Under one approach the dining car steward is carefully trained to greet you with a polite "Good evening, sir"; to ask you later in hearty tones whether you enjoyed your dinner, and whether he can get you a little more coffee. As you leave the car, he sends you off with a strong "Good-night, sir"; "Thank you, sir." But all this show of consideration cannot erase from your mind the memory of the tough steak, the cold potatoes, and the tasteless coffee.

The other approach means, in dining car terms, that when you pay for a good steak, you get a good steak; that when you order it rare, it comes on rare; and that somebody gives thought to the right way to make coffee. It means, in other words, that the railroad company does not foolishly expect honeyed tones to take the place of essential performance.

This expectation, I may say, is the curse of public relations. Good public relations is not a Sunday suit, but must be part of the daily working clothes of business.

Following are some of the truths which, in my opinion, must have wider acceptance and activation in management:

1) Greater competence and everyday productivity in all jobs, including management's job, is the best public relations base for the free enterprise system. What better base could there be than the rising standard of living which results from this?

2) Because literal and continuous full employment is possible only by compulsion, and is therefore inconsistent with a free society, business must search for and promote governmental and business policies which will consistently maintain high levels of private employment.

3) To remain free, this economy must remain competitive in the great preponderance of its activities. We know from other countries what happens when all independent centers of ownership and initiative become part of a network in which all managements are subordinate to a central rule. Let-

ting competition wither is a drift in that direction. Where individual businesses or industries will not restrain themselves in tendencies toward monopoly, management as a whole must genuinely support adequate government restraints.

4) The great and powerful in business must fight alongside the humble for conditions which will foster the birth, growth, and survival of new and small businesses so that the creative stream of enterprise will be constantly refreshed.

5) More real knowledge than any of us now have of the workings of our economic system is requisite to its survival under the tests to which conditions and public opinion will subject it. I am not suggesting that management engage in more active propaganda for its preconceived ideas and prejudices on economic subjects. I am asking for more thorough, systematic, and, above all, more open-minded research to help discover more fully what actually happens in the intricacies of our economy, so that we can maintain and enhance its strengths, and correct or modify its weaknesses.

6) While the first obligation of a business man is to run his organization successfully, he has also an inescapable responsibility, if he wants continuance of a free enterprise system, to help make the system itself more rewarding to all who participate in it as consumers, workers, and entrepreneurs.

What are the conditions and attitudes with which management has to contend in the public mind?

1) *The role of profit in the economy.* Propaganda is growing which seeks to make business profit a term of reproach, putting it on a level just a shade above stolen goods. For some psychological reason the popular song writer, the best-selling author, the radio comedian attract no fire for their profits, no matter how large their incomes or how bad

their songs, or books, or jokes. But the business man is under steady fire, no matter how great his service. Perhaps this is because of the fierce and endless competition between the consumer, the employee, and the investor for the proceeds of industry. Or perhaps because it is so easy to picture the investor as a rich man who toils not nor spins. (I have just read that 41 per cent of the customers of the country's largest stock brokerage firm make \$5,000 a year and under, and 71 per cent under \$10,000.)

Even the Communist hierarchy has to have business profits on its normal operations to finance innovation and expansion. The issue is, shall the profits go to millions of individuals and voluntary combinations of individuals who will reinvest them in enterprise, or shall the state receive and invest them? It has not yet been shown that the state can produce as high a standard of living as this economy does; but it has been shown that the state can destroy freedom in trying to do so.

2) *The size of profits.* There is a widespread impression that total business profits are normally much larger than they are, and an accompanying notion that nearly all this profit goes to rich individuals to keep.

Magazine success stories have a way of abetting this by writing about young enterprises that "gross" a million, or maybe five million, a year. The writer is referring to sales, but the success story is better if the total sounds like something the owner pockets.

3) *Public falsification of personal income.* Falsification of actual personal income in the United States through universal quotation of income-before-taxes is a much more serious menace to the future of our free society than it is usually taken to be. It is a gross misrepresentation of what stockholders and management take out of industry, and a gross misrepresentation of the

actual span between the lowest and the highest real incomes of people.

I urge that the government require that the typical amount of income tax be shown in cases where publication of salaries is officially required. The president of du Pont Company pointed out a few days ago that in 1922 he had a salary of \$78,000, with \$60,000 left after taxes. In 1947 he earned a salary of \$175,000, with \$48,000 left after taxes. Yet before the world and his employees his salary has been more than doubled.

4) *The dangers of taxation which dries up risk capital.* The individual who makes more than \$20,000 a year today becomes a minority partner in his own efforts, with the government taking the lion's share of everything he earns above that, in taxes which range from 50.35 per cent to 86.45 per cent. I believe that present tax rates in middle and higher brackets, if persisted in, will destroy the private enterprise system by drying up capital and savings for direct investment. At the same time I believe emphatically that we must not reduce taxes when reduction will further feed inflation.

5) *Who's a worker?* A misleading and damaging word usage has been carried over to us from other societies in which the prosperous did not work. It creates too narrow a definition of the word "worker" to fit American society. In the United States practically all men work, and it becomes steadily less respectable not to work, yet "worker" is constantly used to mean only the rank and file, with the inevitable inference that others do not work. Heart, stomach, and nerve specialists are among those who know otherwise.

6) *The priceless privilege of firing the boss.* A man who once applied to

me for a job opened his remarks by saying: "I fired my last boss because I didn't think he gave me a square deal." One of the priceless privileges of America is the right to fire the boss if he doesn't give you a square deal. (Of course, that right means little if the man who quits can't get another job—and that is why it is up to us to keep the job supply high.)

7) *Attacks on our standard of living.* Tiresome as the theme may be to some of us, the American public must be continually reminded that we have the highest standard of living in the world. The facts seem self-evident from the news of most of the world, but Russia is attacking and probably will continue attacking them from behind her iron curtain.

8) *Economic illiteracy.* I referred earlier to the urgent need for an expansion of economic education among business and other leaders of our economy. That expansion must be carried throughout our population. Economic education alone will not give us a good society, but without it we cannot succeed.

Greater technical resources in communication and greater skill in using them can only defeat us if they are used primarily to throw dust in the eyes of the public and not to clear the view. My company, right or wrong; my union, right or wrong; my party, right or wrong, literally won't put us anywhere except in economic and political chains unless strong individuals within each group are willing to engage in self-criticism and to support justified criticism from without.

From an address by Raymond Rubicam before Boston University's Founders' Day Institute (*The Public Relations Journal*, April, 1948).

Corporate Donations in 1947

SEVENTY-ONE of the 100 largest manufacturing corporations in the United States gave \$16.1 millions to charitable and welfare organizations during 1947, according to a survey on corporate donations just completed by the Conference Board.

Contributions to the Community Chest and Red Cross accounted for half of last year's donations dollar. Contributions to hospitals and educational institutions took an additional 27 cents, with virtually all the remainder going to "other philanthropic institutions." National health agencies received slightly more than two cents of the donations dollar.

The Community Chest. The Community Chest was found to be the chief beneficiary of corporate charity, according to the survey. Thirty-eight cents out of the donations dollar went into the Community Chest. In all but nine corporations, budget grants to the Community Chest ranked largest.

The Red Cross. The Red Cross was the most important individual charitable agency recognized by the corporations surveyed. Thirteen cents out of the donations dollar went to this agency.

Hospitals. Dollarwise, contributions to hospitals (for both capital and maintenance needs) closely approached those made to the Red Cross, though one out of five corporations did not include donations to these institutions in its budget.

Education. The survey showed donations of \$1,056,000 to colleges and universities and \$1,091,000 to other educational institutions. These amounts were equal to 6.6 per cent and 6.8 per cent, respectively, of the total of \$16.1 million. Three out of four of the 71 companies made contributions to colleges and universities. These contributions, the survey report notes, "are to be distinguished from the appropriation of corporate funds to colleges for the purpose of research, which is properly charged as a business expense rather than a charitable donation."

Concerns contributing to colleges and universities generally do so in the belief that "corporate business has a stake in private education which is sufficient to justify these expenditures." Others point to industry's responsibility which stems from the demands made upon colleges and universities for trained technicians.

Policy of Decentralized Giving. Executives of many reporting companies indicate that their policy favors charitable organizations "at the local instead of national level." Such a policy affords employees and their families "greater opportunity to benefit from funds disbursed by the corporation than would otherwise be true." It is because of a policy of decentralized giving that the compilation understates the amount contributed to charity by corporations, the survey report notes. "In some instances, the donations policy is so decentralized that it has not been possible to arrive at a complete total. In addition, accounting procedures sometimes vary, and what may be regarded as a donation by one company is classified as a business expense by another."

At 4 O'Clock Next Tuesday

FROM the inner compartment of our wallet, we recently extracted a yellowed newspaper paragraph from an article in the *Chicago Daily News* of January 21, 1941, in which Royal F. Munger wrote of Rufus F. Chapin, the Chicago banker: "His great stroke was the realization that these are times of huge and terrific change, and that because something has never happened before is no assurance that it cannot happen at 4 o'clock next Tuesday."

This statement intrigued us in 1941, and it intrigues us in 1948. Anything can happen at 4 o'clock next Tuesday—or at any other hour any other day of the week.

Business has almost to be administered by the clock, rather than the calendar, these days. At least the executive must keep his eye on both. If he expects changes, he will not be taken by surprise. On the positive side, his mind will be kept alert and his imagination stimulated.

—Management Briefs (Rogers & Slade)

Something Less Than Total

THE U. S. is rearming. For this country and its allies this is a hopeful fact. Twice now in a generation the U. S. has won great wars only to throw the victories away. The President's call for the draft, for increased military appropriations, and for full backing of Europe's Western Union are great and constructive moves in policy.

They are also moves that leave the business community, among others, in a state of uncertainty. Every day come reports from Washington of some new idea for controlling the economy. The War Resources Board is working on plans for complete mobilization. And were the radio to announce tomorrow that the Russians were bombing Alaska or the Aleutians, such mobilization would follow overnight. Total war is something that Americans understand.

But the fact remains that we are not at war. Neither are we at peace. The immediate problem is to add a still modest military program onto an economy already working at forced draft. But this is only part of a longer and more arduous task—the constant, not the sporadic, application of American power. We shall not win this struggle by panicky liquidation of the enterprise system.

The job ahead is, therefore, a good deal more exacting and a lot less dramatic than the enthusiasts for wholesale controls envisage. It is to give the military all they need while at the same time relying primarily on the great *general* controls open to a democracy—taxation and credit policy—to keep total monetary demand for goods and services in correlation with supply. The need for doing this is dramatized if we compare our situation today with

that of the prewar years. In 1940, with 8,000,000 persons unemployed, the government could afford to run a deficit. Increased military spending simply took up the slack in the economy. Today, despite some letup in demand for soft goods, there is little slack anywhere. The economy is vastly stronger than in the thirties, owing to the great expansion of heavy industry. But our resources are fully employed.

It follows—and this is the fundamental proposition—that as military orders are increased and aid to Europe continued, something will have to give. If we want more guns, we shall have not only to work harder but also to give up some butter. On the other hand, analysis will show that there are plenty of places where the economy can be made to give without much trouble. Indeed, a 5 per cent cut in domestic consumption and some selective cuts in investment will probably provide all the margin we need to carry through the present program.

These are flat statements requiring a closer look at where we stand and where we are going. In the fourth quarter of 1947 the gross national production of the U. S. was running at the ample figure of \$241 billion. This production was called forth by four different types of expenditures that constitute the great competing claims on our resources:

Consumption expenditures	\$172 billion
Gross domestic investment	30 billion
Government spending	28 billion
Net overseas spending	11 billion

These figures dramatize the enormous importance of domestic expenditures for consumption and investment that together accounted for 83 per cent of our total production. They also serve as a guide for adding up our fu-

ture debits and credits. Contrary to general impression, the net claims that foreign nations will make against our economy in 1948 may not be larger than last year. The \$5.3 billion that Congress has authorized for the European Recovery Program will largely take the place of other types of aid that the U. S. has been giving Europe—notably the British loan. Imports may pick up, and the net drain on the economy may in fact be smaller.

The effect of military spending, however, will certainly be greater. It is quite possible that there will be a lend-lease shipment of arms to our European allies. The Administration's request that the military budget be increased from \$11 billion to \$14 billion in fiscal 1948-49 is probably just a beginning.

Moreover, the Administration's program for increased manpower looks small. The present plan is to build the combined military establishment up to 1,700,000 men, which would mean a net increase in the forces of about 350,000. This would scarcely give us 10 fully activated divisions, though some estimates of requirements run to twice that figure. It is safe to assume, therefore, that over the next 12 months military expenditures are apt to increase by at least \$5 billion, and the drain on the country's manpower is more likely to be 500,000 than 350,000.

Once this is allowed, some very definite squeezes and bottlenecks begin to appear and should be prepared for. At present there are about 61 million men and women in the U. S. labor force, and under normal circumstances the force grows by about 1,000,000 per year. Withdrawal of half a million men would cut this growth in half. Some plants are already bidding for the return of some of the men and women who have left the labor force since V-J

Day. As this reserve is called on, man-hour productivity will tend to decline and wage rates to be bid up. The one restraining factor here is that some cost-of-living items, notably food, may be cheaper than seemed possible a few months ago.

Real shortages are likely to occur in oil, steel, metals, and, finally, in power.

Demand for steel will reflect on all steelmaking materials, the most critical of which lie mainly outside this hemisphere at the end of long supply lines. Chrome is imported from Turkey, the Philippines, South Africa, and Russia. Tungsten comes from South America and China. The worst situation is in manganese, on which there has been no adequate stockpiling. To make 90 million tons of steel requires about 1,500,000 tons of manganese ore. Our principal sources are India, South Africa, and Russia. The Russians have shown a distinct unwillingness to sell ore in view of the fact that the U. S. is becoming less and less ready to export planes or machinery that can be used for rearmament.

Other nonferrous metals—copper, lead, and zinc—will all be short, but for these we at least have Western Hemisphere supplies. A stepped-up aircraft program will also use more aluminum and manganese, for which there is plenty of capacity but maybe not enough power—a factor that could put a ceiling on the whole economy. Our present capacity is about 65 million kilowatts, but last year we drew on this down to 5 per cent of our reserves, and in California there were brownouts and definite restrictions on industrial use. And the future does not look too favorable. While the industry is now expanding at about 9 per cent of capacity per year, demand is expanding almost as fast.

In trying to strengthen the American economy for the future, we should adopt an extremely hardboiled and practical attitude. Some direct government action may be necessary. On the positive side the government should definitely go ahead with stockpiling a few critical raw materials like manganese. On the negative side it may have to choke off some uses of steel, notably in commercial construction. But we should remember that every direct control tends to breed another, and more often than not cures one "shortage" only to breed a bigger demand somewhere else. To monkey with prices, for instance, without adequate allocation power, is the surest road to chaos.

In fact, the first and perhaps greatest need is for a wholesale revision of our attitude toward price policy. The objective should be to keep the general price level relatively steady. Within this objective we should let individual prices move up and down freely.

The most important general control is the taxing power and the federal budget. In the current fiscal year 1947-48, the surplus will be fairly large, amounting to about \$8 billion if figured on a cash basis. But in fiscal 1948-49 the prospect is by no means so good. If we allow for a \$5 billion expansion for the military, total expenditures may be up to \$42 billion. Receipts will be high, but the Treasury will be taking

almost the entire effect of the \$4.8 billion tax cut. The net result will probably be to wipe out the budget surplus entirely. In these circumstances Congress might consider some specific tax increases. The principle should be to levy taxes that have a maximum effect on consumption and a minimal effect on private saving, which is absolutely necessary if we are to sustain a large volume of investment.

The enormous expansion of the U. S. over the past century has tended to create in our own minds, and certainly in the minds of others, the impression that this country is a bottomless cornucopia. It is true that we possess over 50 per cent of the world's industrial resources—a mighty asset. But it is also true that we represent something less than 7 per cent of the world's population and less than 6 per cent of its land area.

On this limited population has fallen the tremendous task of remaining economically strong at home, of restoring the economic strength of Europe, and of organizing an outright military coalition that alone can stop the Russian advance. We shall play our role the better if we take the full measure of our task and act as freemen, knowing what we are about and confident that, having willed the end, we can also will the means.

Fortune, May, 1948, p. 73:5.

Ceremonies in Opening New Plant

WHEN the Elliott Service Company recently moved from New York City to Mount Vernon, N. Y., the company's officials planned a model ceremony for the opening. The entire town of 65,000 people knew that a new industry had moved in. The city of Mount Vernon presented a flag to the company president, George J. Kadel, and a three-foot replica of the new building was presented by a local baking concern. Guided tours were arranged for prominent citizens and the local press.

OFFICE MANAGEMENT...

How Uncle Sam Applies Work Simplification

EACH Christmas season the Railway Mail Service of the Post Office Department hires 10,000 temporary workers. For years it required each such worker to fill out three separate forms before he could go to work—an oath of office, a personnel affidavit, and a non-strike affidavit. Now these have been combined into a single form designed to permit signature by 100 employees at one time. This has saved 30,000 forms each season, reduced file space proportionately and materially reduced the time required for this process.

The supervisor of a typing pool in a Veterans Administration office suggested a short-cut for proofreading stencils—i. e., placing a carbon between the cushion sheet and the backing sheet of a stencil so an imprint of the typing would be made on the backing sheet. There is nothing revolutionary in this idea, but the success of a work simplification program does not depend on miracles or revolutionary ideas. An idea can be old as long as it is still good under the circumstances. This one saved 50 per cent of the time formerly spent in proofreading.

The Federal Government's work simplification program and the training package which forms an important part of it was originally developed in the Bureau of the Budget. At present, however, it is being carried on in a number of key government departments.

This program seeks to impart to the supervisor skill in use of the following

devices of the management specialist:

- a. *The Work Distribution Chart* for analyzing division of labor.
- b. *The Process Chart* for analyzing flow of work.
- c. *The Work Count* for determining the bearing of volume of work on method.

It should be noted that these are techniques for dealing with the procedural problems of a single operating unit. Since the first-line supervisor is the customer, obviously techniques for improving practices cutting across organization lines are not appropriate subject matter. Note also that these are techniques for improving procedures—that is, group activities—rather than operations (the work of individual employees).

In form, the Work Distribution Chart is simply a tabulation of the work of each employee according to the various activities performed by a particular section, office group, or unit. The data for this chart originates from two sources: (1) a task list prepared by each employee; (2) an activity list prepared by the supervisor, listing the main things done by a unit or office group.

The work distribution chart—with the activities listed in the first column, the employees' names at the top of each column, and the specific tasks of the employees with respect to each activity and the time spent at each task entered in the appropriate space—is simply a one-page blueprint of the work alloca-

tion of the office group. When the supervisor has completed the work distribution chart he is ready to analyze it and ask himself these key questions about the work of the unit: What activities take the most time? Is there any misdirected effort? Are skills being used properly? Are employees doing too many unrelated tasks? Are tasks spread too thinly? Is work distributed evenly?

The Process Chart. The mechanics of process charting are slightly more difficult to learn than work distribution charting. Yet process charting is highly important since it is a device for tracing and highlighting work flow from employee to employee. Its value lies in the fact that each supervisor will ask "Why?" about every step of an office procedure. Just because "it has always been done that way" will no longer satisfy the supervisor trained in process charting. The process chart clearly and concisely depicts the work of an office and shows exactly what steps are taken to do some specific job.

When a process chart is completed, the supervisor should analyze it to ascertain ways to eliminate, combine, rearrange, and simplify steps. He asks himself such questions as: *What* is done? *What* are the steps? *Why* is this step necessary? Can as good a result be obtained without it? (Don't be misled by an excuse when you are looking for a reason.) *Where* should this step be done? Can it be done more easily—with less time and transportation—by changing the location of employees or equipment?

The Work Count is the third tool of work simplification which completes the picture by showing how much work is done in a unit. This technique highlights the influence of volume of work on the choice of method by which work is to be improved. For example, a long

delay at one step in a procedure may be shown by a work count to be a symptom of inadequate manpower. Or the work count may reveal that the volume is not excessive and that the delay is due to poor training.

The work count uncovers opportunities for improvement that would not be revealed by the other two techniques as well as corroborating ideas developed through process charting and work distribution analysis.

Since these techniques have application in almost any office situation, a brief sketch of the training method employed may be of interest.

The training is done through an alteration of conference work with on-the-job practice. To increase the effectiveness of the conference periods, visual aids have been developed.

The first meeting of each training group emphasizes the importance of the supervisor's job in the scheme of things, stresses the benefits of work simplification to him and his organization, and defines the work distribution chart, the process chart, and the work count. At this initial session the trainee is plunged into the subject of work distribution charting. He realizes, therefore, that some work is involved, that this program is not just some more evangelism. A foldover presentation devoted to work distribution charting aids in telling this story. The conference session on the process chart follows a similar pattern.

In teaching the work count, it is necessary to create an awareness of the extent to which the volume of an operation influences the choice of the method by which it is to be performed. A set of case histories comprises the basic teaching material for this part of the course. Each case study illustrates a specific type of management problem on which volume facts will shed light.

During the discussion period the trainer suggests the multitude of things in an office that can profitably be counted: letters, inquiries, postings, vouchers, telephone calls, etc. He also points out examples of the many ways of counting: by tallying, weighing, measuring, through the use of serially numbered forms, etc.

Practice periods, as previously mentioned, are alternated with discussions. This process conforms to the following pattern: After the discussion of work distribution charting, the supervisors are given several days to collect data about the division of labor in their own offices. At the end of the third day after the discussion period, they meet with the trainer, individually or in small groups, and he helps them organize their data in proper distribution chart form. Some effort may be spent in analysis at this time to alert the supervisor to opportunities for improvement revealed in his chart.

Following the discussion period on process charting, a similar practice period is scheduled.

Following the discussion of work counting, the trainer visits each supervisor in his own office for the work count practice period. In this way he gets the feel of the environment, sees the forms that are used, the records that are kept, and the media which move. He is thus able to assist in identifying the significant things to count.

A final session is held after all discussions and practice periods are over. At this time the supervisors use all

three tools to work out an installable improvement of some phase of their office operations.

An important training aid in this program is a set of pamphlets, titled respectively: *The Supervisor's Guide to the Work Distribution Chart*, *The Supervisor's Guide to the Process Chart*, *The Supervisor's Guide to the Work Count*. A work simplification program bill of rights has been drawn up in another pamphlet entitled *Specifications for an Agency Work Simplification Program*, which gives the following advice to top management:

What you must do to put work simplification over in your office:

Decide to give the program your wholehearted, enthusiastic support.

Discuss the program at some length at a meeting of your key subordinates. You may even find it advisable to call a general meeting of all your employees to explain the program to them personally. . . .

Issue an administrative order or directive emphasizing your support of the program. In this tell your employees what this program of work simplification is—what it will do for them.

Appoint a top management representative as your agent to follow up the program, to report to you if it shows signs of bogging down.

Provide adequate staff facilities for carrying on the program. Staff personnel must be provided to train first-line supervisors in work simplification. . . .

Select the places in your organization where work simplification should begin. When your staff is fully familiar with the program, it can be extended to other areas.

Make sure that the program gets results. By reports on progress and contact with the staff you select, you can keep informed on what is being accomplished.

By HARRY H. FITE. *The Office*, March, 1948, p. 41:11.

• LEROI COMPANY, Milwaukee, last year polled office employees, discovered they were three to one in favor of starting work an hour earlier in summer. The change pleased the staff, at same time helped company by putting office on same hours as eastern district sales offices. Shop workers, already starting at 7 A.M., kept same hours.

—*Modern Industry* 3/15/48

Depreciation Rates for Office Furniture

IN a spot check of Chicago businesses, it was learned rates for charging off office furniture and equipment are computed on a basis ranging from seven to 15 years. Many companies use a 10 per cent depreciation, while a number of comparable businesses take 15 per cent. Some of these latter firms figured their rates on a 10-year basis until several years ago when the Revenue Department changed their rates to $6\frac{2}{3}$ per cent. Most companies make no distinction in figuring rates of wood and metal furniture.

A survey made four years ago indicated that 10 per cent was the most popular charge-off figure. This means that a desk bought for \$100 and charged off at 10 per cent would be fully depreciated in 10 years. If the desk were sold at the end of that time, the money made on the sale would be counted as income and taxes would have to be paid on it.

One company, Inland Steel, writes off office equipment as expense as soon as it is delivered. This practice is not unusual for banks and insurance companies.

Some firms have what might be unique systems for computing depreciation rates. The People's Gas, Light & Coke Company uses what it calls an Average Service Life plan, one determined by the company's experience. Under this plan, each piece of equipment is placed in a certain classification. There may be different classifications for the same type machine. For example, two Comptometers may be in one grouping, while six or eight others may be in another. The reason for this is that the first two Comptometers aren't used constantly, but the

others are. The two Comptometers would therefore have a different rate, figured from past experience in working with them. The same would hold true with typewriters, since some are pounded all day long while others are used sparingly. Desks might be a different story. The company has one East India mahogany desk that is 37 years old. A cheaper desk would therefore be in a different classification. A public utility, the gas company is subject to government regulations, and expenses have to be watched carefully in order to make a profit. These regulated rates and the large amount of company property warrant the time and attention given to rates for charging off office equipment.

The Joslyn Manufacturing Company had a prewar plan of replacing each typewriter every three years. Contracts were made with two typewriter concerns, and at the end of the three-year period every machine, no matter what its condition, was replaced with a new one. Bookkeeping machines were replaced after five years. This was, of course, impossible during the war, but the company is now considering doing the same thing when sufficient machines are available. Before 1936, Joslyn wrote off office furniture and equipment separately, but since that time a composite system has been used and everything is written off for 15 years.

One concern makes a distinction between mechanical and non-mechanical office equipment. Aldens, Inc., depreciates mechanical equipment on the basis of seven years and non-mechanical equipment on the basis of 10 years. This mail-order house has a system of

charging off items from two specific times during the year. For example, a desk acquired during the spring would get 75 per cent depreciation, whereas another desk acquired in the fall would get 25 per cent. Identity and date of specific purchases are disregarded.

Another firm whose rates were changed about a decade ago by the Revenue Department is the Signode Steel Strapping Company. Until 1937 a 10 per cent rate was employed, but since that time the rate has been figured on a 15-year basis. Both wood and metal furniture are used, and no distinction is made in figuring depreciation.

A real estate business, Ross, Browne, and Fleming, takes a normal 10 per cent depreciation in office furniture; on mechanical equipment (typewriters, Addressographs, safes, etc.) it takes whatever Bulletin F, United States Treasury Department Bureau of Internal Revenue, allows.

Two companies (Cudahy Packing Company and Ilg Electric Ventilating Company) use a straight 15-year de-

preciation on all office furniture and equipment. Ekco Products Company has varying rates for its different plants throughout the country. The rate in the main Chicago plant is 6 $\frac{2}{3}$ per cent, but the rates in the five operating domestic subsidiaries vary from that figure to 10 per cent.

The Chicago Steel Service Company and Kraft Foods Company use a straight 10 per cent depreciation on all office furniture and mechanical equipment. The former business recently sold equipment depreciated at just over \$600 for about \$1,200, indicating that 10 per cent is on the high side. The steel company has a policy of replacing typewriters every four years. All equipment in the office now, with the exception of two or three machines, is less than two years old.

Montgomery Ward figures all office equipment on what it calls a lapsing schedule basis. There is an over-all rate, with no individual write-offs, for depreciation.

American Business, March, 1948, p. 30:2.

Formal Education: An Asset?

WHAT do you believe is the minimum background of schooling needed for a career as an office executive?

Over half the 150 business men asked that question in a NOMA survey, conducted to determine the value of formal education to the office executive, favored four years of high school plus two years of business school. This number was twice as many as the number favoring four years of college. High school alone was considered minimum by only one-fifth of those reporting. The Eastern, West Central, and Western areas favored the high school minimum, while the East Central area and the South tended to prefer college training. Of those favoring college, East Central was most positive, by an almost 6:1 ratio. Those favoring high school were most frequent in the West Central states, also by an almost 6:1 ratio.

How necessary is a college education when:

a. *A person has his own business?*

Almost four out of five respondents to that question thought a college education was a good thing to have. Yet only one in 12 thought it essential; the same pro-

portion thought it wasn't at all necessary. Nine of 10 in the Eastern states subscribed to the idea that a college education was a good thing; Southern and East Central states were most positive such education was essential; West Central and Western states led the group considering a degree not necessary.

b. *A person works for others?*

Only the Southern area reported much of a change in opinion from that expressed about a person working for himself. One-third of Southern respondents thought a college education was essential, double that for any other area.

In reply to the query: *Has a college degree, in your opinion, been relegated to the high school diploma level of a few years ago?*, the respondents, by a 2 to 1 majority, indicated that, in their opinion, it had not.

Do you think postgraduate work leading to a degree is worth while? Seven of 10 executives thought it was.

—VAUGHN FRY in *NOMA Forum* 5/48

Facts and Figures About Bookkeepers

HIGHLY-skilled bookkeepers who handle all phases of a firm's financial records number about 150,000, an increase of more than one-third since 1940. They are employed in most industries, with by far the largest number in smaller establishments. A relatively small number of bookkeepers in business for themselves are performing bookkeeping services for various employers on a part-time basis.

Women fill the majority of bookkeeping jobs. A large proportion of them are under 30 years of age. They predominate in retail trade and to a lesser extent in wholesale trade.

Weekly earnings for fully-qualified bookkeepers generally exceed \$40, with a range of \$35 to \$65. Entry salaries are usually about \$10 per week lower. The most important factor affecting the rate of pay is the degree of experience of the individual bookkeeper; other factors include type of industry (wholesale firms generally pay more than retail), location of office, degree of responsibility, education, age, and sex. Earnings in major cities vary widely: in general, earnings are highest in large cities and in the Pacific and Middle Atlantic States. Men usually receive higher pay than women.

Representative range of weekly salaries in New York City is the highest, being from \$45 to \$65, with \$50 the most common weekly salary; lowest range is in Portland, Maine (\$28-35).

Bookkeepers are not unionized to any considerable extent. Most of those organized are found in large metropolitan centers and are members of the United Office and Professional Workers of America (CIO) and the Office Employees Union (AFL).

—*The Labor Market* 5/48

Unoccupied Desks Attract Expenses

WHEN an office is equipped with an excessive number of desks and files and gadgets, it is almost impossible for a department manager to keep them idle. He wants people working at them, even though those persons serve no income-producing purpose.

It is said that Henry Ford, who always did his best to keep first things first, would order the removal from an office of any desk he noticed that was not in regular use. "If that desk isn't removed immediately," he would say, "the office manager will start figuring out how he can put another person behind it and thus create an additional position and increase expenses."

There is no doubt that the temptation to fill up empty spaces, because that course is easier than keeping activities constantly pruned to the line of greatest effectiveness, is one against which office managers must wage a continuing struggle.

—*Net Results* 4/48

PERSONNEL...

A New Method of Supervisory Selection

THE root of the problem of supervisory selection is the difficulty of assessing the personal qualities which are essential to success in any supervisory job. The British firm of Hoover Ltd. met this problem by introducing into their Perivale factory a new supervisory selection procedure based on the British War Office Selection Board technique.

The procedure is competitive, and is employed in the selection of candidates for all supervisory positions. The aim is to select a number of candidates each year to fill forthcoming vacancies by holding periodic "competitions" among groups of about eight. The same process is followed for filling *ad hoc* vacancies arising, and for this purpose at least three candidates are considered.

Candidates come from three sources—i.e., employees of the company applying on their own initiative, nominations submitted by the superintendent of the department in which the vacancy occurs, and applications received from outside the company.

The score of each candidate in a standard intelligence test, which he took when he was hired, is first scrutinized. This test consists of two parts: a verbal test and a matrix test, and is scored on a final five-point scale (descending: A, B, C, D, E). No candidate is accepted with less than a B grade. In the case of employees of the company, this information is supplemented by a written report from the supervisor and from

the personnel representative in the department concerned. Candidates are rejected at this stage only if the evidence clearly reveals absence of any supervisory potentiality.

Every candidate who is already employed is then rated by at least two, and if possible three or more, responsible people who are in close contact with him at work. These invariably include the candidate's immediate supervisor and the superintendent of his department, as well as members of other departments with whom he has regular dealings, such as progress and inspection supervisors.

Separate ratings are made by each of these individuals on a standardized form which has been constructed with special reference to the personal qualities essential for supervision. Ratings are given on a five-point scale, under each of the following headings:

Appearance	Manner with
Experience	Workers
Accuracy and Reliability	Initiative
Energy and Drive	Intelligence and
Manner with Supervisors	Resourcefulness
	Leadership
	Potentiality for
	Development

When the forms are completed by means of check marks, they are scored numerically and the results expressed percentally. A potential supervisor is expected to score about 70 per cent.

Three tests are next administered which are the most important in the whole procedure: a group discussion,

a paper-and-pencil test, and a performance test. The procedure occupies a whole morning or afternoon, and the candidates participate as a group.

For the group discussion test, the candidates participate for half an hour in an undirected group discussion on a given general subject. Their performance is observed by the deputy personnel manager, training superintendent, employment supervisor, company psychologist, and the superintendent making the appointment. The observers grade each candidate's performance for:

Dominance	Level of Subject
Ability to Put Ideas	Matter
Over	Contact (Social
Constructiveness	Acceptability)
Clarity of Thought	

finally summing up their total impression as a single grading. When the candidates have dispersed, the observers discuss their impressions and finally place each candidate in one of the following grades:

+2	+1	0
High	Satisfactory	Borderline
-1	-2	
Weak	Very Weak	

The paper-and-pencil test is in three parts designed to assess: (a) knowledge of good supervisory practices; (b) appreciation of company policy; (c) opinions on matters relevant to supervisory work. It consists of 70 written statements, on each of which the candidate records his opinion by marking one of three given alternatives. For example:

Supervisory Practice

Teaching some responsible worker how to handle your job....Desirable/
Uncertain/Undesirable

The test is scored by allotting marks for correct answers. The score range within which satisfactory supervisors were placed by the validation test has

been adopted as the standard of assessment.

In the final test, the candidates are given an opportunity of demonstrating their ability to deal with actual supervisory problems by taking the role of a supervisor in a factory office. The "supervisor"—played by each candidate in turn—sits at a desk; another candidate acting as an employee comes in and presents him with a set problem capable of immediate solution. Fairly simple problems are given, as most candidates have no previous supervisory experience.

The test observers (who are the same as for the group discussion test) are concerned mainly with the candidate's general approach and method of dealing with the problem rather than with the nature of his decision. They consider his ability to control without being high-handed, his ability to get all the facts, to make decisions, to make good contact with the "employee," and his sympathetic attitude.

Finally, every candidate who has taken the three special tests is given a planned interview covering his family background, work record (before and after joining Hoover Ltd.), attitude toward the future, interests, attitude toward people, and appearance and manner.

A written report on each candidate is then prepared for a selection committee by the personnel department. This contains a summary of all the relevant information obtained throughout the procedure: personal particulars; intelligence test and group rating scores; education, technical qualifications, and experience; and evidence of supervisory ability gained from the supervisor's and personnel representative's report and from the special test

results. A brief summing-up of the candidate is also given, together with a recommendation as to his suitability for supervision. These reports are finally considered by the selection committee, which consists of the works manager, personnel manager, assistant works manager, deputy personnel manager, and the superintendent of the department in which the vacancy occurs.

Candidates are first graded individually by each member of the committee, on the five-point scale (+2 to -2) previously described under the group discussion test. Their final order of merit is determined by the committee

as a whole after full discussion of each case.

All applicants, including those who failed to make the grade at the preliminary screening, are informed of their final individual results and given some guidance on the kinds of jobs for which they may be suited.

While it is yet too soon to provide full evidence of the validity of the results of the foregoing procedure, there is indication of its success as an improved method of supervisory selection.

The Journal of the Institute of Personnel Management (London), January-February, 1948, p. 3:5.

Employers and Unions in Close Race for Workers' Allegiance

THREE GROUPS of leaders have been battling mightily for the favor of the American workman: the union leaders, the employers, and government leaders or politicians. To get some indication of the relative standing of these three groups in the worker's opinion, as well as in that of the population at large, the Psychological Barometer* included this question:

"In the long run, who does the most for the good of the workers: their employers, the government, the unions?"

This question was asked of adult men and women in 148 cities and towns from coast to coast by 393 interviewers. The results were:

Employers do most	37%
Unions do most	35
Government does most	15
Uncertain	13

However, when these results are divided by the various working classes, from executives and professional workers through skilled and unskilled hourly wage workers, the results show wide variations:

	Owners & White Managers	White Collar	Skilled Workers	Unskilled
	%	%	%	%
Employers do most	50	45	35	23
Unions do most	24	30	38	43
Government does most	10	13	13	21
Uncertain	16	12	14	13

A division by union and non-union workers also reveals considerable variation:

	Union Members	Non- Union
	%	%
Employers do most	24	42
Unions do most	55	28
Government does most	11	16
Uncertain	10	14

* The Psychological Barometer is a nation-wide urban public opinion poll originated by Dr. Link of The Psychological Corporation in 1932 and conducted at regular intervals since.

The Trend of Wage Settlements

RESULTS of a nation-wide survey of wage negotiations between unions and management since several large manufacturers adopted a "no third round increase" policy, were released May 20 by the National Foremen's Institute. The study was based on an analysis of 320 contracts negotiated since April 20, when U. S. Steel announced a price cut and rejected the Steelworkers' demands for "substantial wage increases."

Highlights of the survey reveal:

1. Sixty-three per cent of the firms studied have agreed to wage increases of five to ten cents an hour, or an average of seven cents. This span of boosts is the first definite break in the pattern which has been developing for the past six months. Previous studies showed that wage increases have been ranging between eight and 15 cents an hour, or a close to 11-cents-an-hour average. Thus comparison of the previous trend and the current settlements indicates an average drop of four cents an hour. Whether or not the new seven-cent figure will become standard will depend largely on the results of impending negotiations between the unions and bellwether companies.

2. The survey findings also show that there has been a decided dip in the number of higher-bracket settlements, with only 9 per cent of the companies granting raises of 11 and 12 cents an hour.

3. The highest across-the-board wage increases recorded in manufacturing were 15 cents an hour, which is about half of what the unions have been demanding.

4. Non-manufacturing industries like printing, publishing, transportation, continued to grant higher wage increases than manufacturing plants. The average of non-manufacturing came to about 12 cents an hour, or five cents more than the average for manufacturers.

5. The actions of U. S. Steel and General Electric in reducing prices as a preliminary to their no-wage increase announcements are not reflected in negotiations in other industries. None of the contracts analyzed in this survey tied price decreases to lower wage gains.

6. Unions accepting lower wage increases were asking and getting the right to reopen their demands within three to six months. Policy of these labor organizations is to wait and see whether their acceptance of lesser wage hikes will result in lower prices. If prices do not go down, the unions expect management to reconsider present settlements.

7. Employee benefits in the form of hospitalization and group insurance plans rank high in the newly settled contracts. Over 60 per cent of the union agreements studied (which covered 16 leading industries) contain first-time provisions for health and welfare payments. Most of the plans adopted are of the contributory kind, in which both management and the employees share in the costs. In all cases, unions had demanded sole employer support of such programs.

Individual Name Plaque Boosts Employee Morale

EVERY employee at Schramm, Inc., West Chester, Penna., has an individual name plaque to identify him in his department. It consists of a wood strip in walnut finish on which are imprinted his name and date of employment. Veterans' plaques also show a silver service star.

In each operating department the plaques are hung in order of seniority on carved wood shields varying in size and hook space to accommodate the size of the department. Some shields can hold as many as 50 plaques. Each shield bears the department name at the top, and is kept in a prominent place on the wall. Plaques for office employees are kept on their desks.

When the indoctrination of a new employee has been completed, the personnel department introduces him to his foreman by handing the foreman the new name plaque. The plaque is added immediately to the department shield. This always makes the new employee feel that he "belongs," and helps everyone to get acquainted.

—Factory Management and Maintenance 4/48

Pointers on Training Plant Reporters

WE shall soon witness a lively interest on management's part in providing editorial training courses for plant and departmental reporters of employee publications. The formula of annual huddles for editors isn't new (du Pont, General Electric, Standard of Jersey, Western Electric), but school for the plant correspondents is. The three reasons are obvious enough: (a) Management wants to strengthen its lines of communication at the plant level; (b) better quality of contributed material is assured as a result of these training courses; (c) reporters, who frequently work without recognition or reward, are entitled to an annual charge of both.

Whether it's a single or multiple-plant operation, here are some pointers to bear in mind in building a training program for plant reporters:

Break the course down generally as follows: (a) presentation or review of company policy regarding the publication, its aims and objectives (this should come, if possible, from a top management man); (b) discussion of the type of material the publication wants *and why*, with examples; (c) training in preparation of general feature material, general news material, and local plant personal news—as distinguished from plant gossip; (d) photographs.

Use the lecture-discussion method: Try to hold the presentation of the session's particular theme to an hour or less, then open it up for discussion. Urge the reporters to take *plenty of notes* (they're much more effective than prepared texts); *encourage them to ask questions freely.*

Keep your training course flexible: Hard-and-fast rules may sometimes be

resented. If it's company policy, that's one thing; however, if it's an arbitrary editorial ruling, be prepared to back it up with the answers, or to back off if a reporter comes up with a better one. These reporters are on the plant firing-line; give them a chance to help frame publication policy too.

Give frequent, informal tests: They should be both oral and written. These tests will help check on whether the reporters are getting it; they also check on you, to see whether you are putting it across.

Don't give 8-5 sessions: They're too long. Particularly with a new or modernized publication program, reporters can grasp only a little at a time. Be sure you've made each point before moving to the next.

Don't drag in a lot of company speakers, just to impress the reporters. The program may thereby become top-heavy with generalities, to the neglect of the specifics. Better angle is to confine the policy presentation to a top official whose presence and presentation may well be the biggest shot in the arm you can provide.

Don't neglect the social side: Show the folks a good time. Your training course should be regarded as a reward for services performed and expected—*make it something reporters look forward to.* (In some instances, wives of reporters are invited to make the trip—and to attend the sessions, if they like).

Follow the course up: Don't let its benefits die. A published summary of the course is a logical follow-upper, designed to supplement reporters' own notes and to provide a report for those unable to attend. Certainly a reporters' manual is indicated. Best of all is a

regular newsletter to the reporters from headquarters, aimed at keeping reporters *recognized, informed, and enthusiastic*.

Where single plant operations are represented, the course logically is given at company headquarters; multiple plant operations are also generally centered at headquarters, unless a more convenient meeting place is indicated. Best such program is still that of Pittsburgh Plate Glass Company, whose *Pittsburgh People* reporters last month

held their second annual meeting, were re-schooled, given a topnotch manual.

Logical person to superintend your reporter training course is, obviously, your employee publication editor. Don't make the mistake of entrusting it to anyone else. And remember: *A good reporter training course pays dividends, in improved copy and ideas, and in building a better spirit at the plant level.*

The Score (Newcomb & Sammons), Vol. II, No. 8, p. 1:2.

Handling Union News

THE question of printing union news in the employee publication has long been a bone of contention in the field of industrial editing. Some editors have learned through bitter experience that they had best leave union-management relations alone, while others have developed formulae for presenting such news which have resulted in improved union relations and increased effectiveness of their publications as media of employee communication.

In some cases, like that of the *Doehler-Jarvis Journal*, the union is given complete freedom of expression. The union pages are given over to officials of the five locals representing the two unions with which the Doehler-Jarvis Company, New York, has contracts. They prepare the material and submit it for publication. The results have been both interesting and encouraging. For example, in a typical issue, the union page carries an article by a union official which discusses the new contract, stressing the fact that good labor relations are the mutual concern of union and management. In the same issue, the union's regional director attacks the Taft-Hartley Act in an item which concludes with the remark: "Forget about this 'sage' piece of legislation. Let us work as we have in the past . . . with confidence in each other and in the integrity of our new contract. I see no problem ahead of us that we cannot solve by simply using common sense and the peaceful processes of our contractual provisions."

In Canada, *The Spearhead* (John Labatt Limited, Montreal, Quebec), contains a page headed "Union News" and bearing the union seal. March issue discussed the local's sick benefit disbursements, and the history of the union movement in Canada.

In an effort to be totally impartial, *Allen News*, internal organ of the Allen Manufacturing Corporation, Hartford, carried front-page discussion of the Taft-Hartley Act in which management and labor each presented its policy with regard to the Act.

—Stet (The Champion Paper and Fibre Co., Hamilton, Ohio) 5/48

• PRELIMINARY FIGURES provided by nearly 100 different plants surveyed by Automotive & Aviation Parts Manufacturers, Inc., on the cost of collateral or "fringe" payments made to, or for the direct benefit of, hourly-paid factory employees indicate that makers of automotive parts, on the average, disbursed more than 12¾ cents per hour, over and above direct wages, for every man-hour worked in 1947. Assuming that an employee worked 2,000 man-hours during the year, these collateral costs—over and above direct wages for work performed—would amount to more than \$245 per worker per year. Stated in another fashion, the total of approximately \$19,640,000 paid out for collaterals by this initial group of plants, would purchase, if spent for direct wages, nearly 13,100,000 hours of work at \$1.50 per hour.

Planned Recreation for Employees

THE salutary labor-management relations which contributed to the high production of World War II were stimulated by planned recreation in industry. Many companies have had extensive and successful employee recreation programs in operation for a number of years. Many managements, however, have yet to investigate the benefits in improved employee morale and broader understanding between labor and management that stem from such programs.

Presented here for the benefit of companies which may wish to inaugurate such a program* are the findings of a survey of the programs currently in operation in 28 companies in varied fields of industry.

The number of employees working for the companies whose programs were studied varies from 453 to 97,000. Employees in 64 per cent of the companies requested or stimulated the initiation of a company-planned recreation program. In 25 per cent of the companies, management initiated the program.

The budget in 64 per cent of the companies provides for recreational funds. The amount of funds allocated by companies for recreation per year per employee varies from 50 cents to \$27. With regard to the extent to which recreation costs are supported by employees:**

- a. In 14 per cent of the companies employees pay an annual sum.

- b. In 43 per cent of the companies, employees pay for individual events or facilities.
- c. In 50 per cent of the companies, the program costs are covered by profit-making features such as vending machines and lunch bars patronized by employees.
- d. The extent to which income from these three sources supports the program costs varies from 2 per cent to 100 per cent.

The number of individuals employed for supervision of recreation programs varies from 0 to 200 on full-time, and one to 20 on part-time status. The number of employees who take part in supervising features of a recreation program without compensation varies from 0 to 2,000. In 68 per cent of the companies listed, there is provision for an employee's family to participate in the program. In 60 per cent of the companies the "Recreational Interest Questionnaire" system is used either occasionally, quarterly, or annually, to determine diversification of interests. Only 28 per cent of the firms keep permanent records on employee recreational interests, however.

Special periods for beginners in certain events are provided by 46 per cent of the companies.

Of the companies listed, 78 per cent take part in local civic committees or boards for recreation programs.

Following is the order of popularity for the various activities included in the programs studied:

For physical activities:

- | | |
|---------------|--------------|
| a. Bowling | e. Baseball |
| b. Softball | f. Swimming |
| c. Basketball | g. Badminton |
| d. Golf | h. Tennis |

For social events:

- | | |
|-----------------|----------------|
| a. Dinners | d. Smokers |
| b. Dances | e. Bingo |
| c. Card parties | f. Masquerades |

* Literature on the subject of industrial recreation is scant, but such organizations will find some useful suggestions in the following: *Planning Industrial Recreation* by Eastwood and Duggins, Purdue University, 1941, 82 pages, \$1.00; *Promoting Employee Participation in Industrial Recreation*, 14 pages, and *Determining Recreational Interests*, 21 pages—both publications available from Recreation Association for American Industry, 1 North La Salle Street, Chicago 2, Ill.

** The three figures in paragraphs a, b, and c total more than 100 per cent, which indicates that some companies use a combination of the three means of obtaining revenue.

For cultural activities:

- | | |
|----------------|--------------|
| a. Choir | e. Orchestra |
| b. Dramatics | f. Lectures |
| c. Hobby Clubs | g. Gardening |
| d. Photography | h. Art |

For outdoor activities:

- | | |
|-------------|--------------|
| a. Picnics | e. Hunting |
| b. Shooting | f. Camping |
| c. Fishing | g. Bicycling |
| d. Skating | h. Skiing |

The following tabulation indicates the extent to which some of the facilities for recreational activities are owned or rented by the 28 companies surveyed:

Company-Owned: lunch room, 20; bowling alley, 4; dance floor, 9; gymnasium, 5; game room, 13; tennis court, 7; golf course, 3; camping grounds, 9.

Company-Rented: (same facilities in same order): 1, 13, 7, 10, 1, 6, 9, 1.

Following is the order of popularity for events held periodically for employee participation or attendance:

- | | |
|---------------------|--------------|
| a. Hobby shows | d. Concerts |
| b. Open house | e. Field Day |
| c. Holiday programs | f. Pet shows |

Order of popularity for methods of advertising or stimulating a recreation program:

- | | |
|-------------------------|--------------------------|
| a. Bulletin boards | e. Public address system |
| b. Company publications | f. Films |
| c. Group meetings | g. U. S. mail |
| d. Public newspapers | h. Pay envelope inserts |

The company which attempts to establish recreational activities without consulting the employees to determine their interests may meet with negative appreciation and participation. The worker will do a better job if the feeling can be developed that his interests are of major concern. The best means of promoting this feeling among workers is to obtain an expression of their desires through representative employees or through questionnaires. Another point to remember is that if employees share the cost of a recreation program they are bound to feel a share of the responsibility for its success.

Employers of less than two or three hundred persons who feel that a recreation program is impracticable may find a solution in a joint program with other small companies in the same locality. Tennis courts, ballgrounds, and camping grounds can be cooperatively established. Social events sponsored by two or more companies have unlimited possibilities in developing better social understanding and good will among all classes of people in similar and in diverse industries.

BY FRED E. GERBER. *Personnel Journal*, April, 1948, p. 369: 5.

Unique Employee Booklet

EVERYBODY is familiar with the type of employee booklet which defines a worker's responsibilities and which is designed primarily for the guidance of new employees. An overwhelming majority of executives readily admit that the idea behind such booklets is sound.

Socony-Vacuum Oil Company's (New York) employee booklet entitled *So You Want a Better Job* is something of an innovation. It places chief emphasis on opportunity for advancement within the company. In simple language it tells what an employee should do, and how he should do it, to win promotion and better pay.

Any thoughtful worker reading this booklet is likely to be impressed with the fact that he or she is working for a progressive organization that wants its workers to advance as fast as they are able, and then gives them detailed information on how to go about it.

—*Sidelights* (Edward Stern and Company, Inc.) 4/48

PRODUCTION MANAGEMENT...

Interlocking the Sales Forecast with Production Planning

SALES forecasting and production planning provide a system of control by which production, purchase of materials, and the employment of capital are coordinated with sales requirements. The focal point of the system is the sales outlet. The flow at this point must be gauged and every other activity must be coordinated with it. Tied in with sales forecasts is not only production scheduling but material and inventory control as well. Production scheduling is an essential technical phase of all plant operations, and inventory control is a necessary supplement to insure the right type and correct quantity of raw materials to fit production schedules and to provide a finished product inventory when it is needed to meet sales requirements.

The planning department should be ready to cooperate with the sales department in the building of forecasts. This should not be taken as a move to bring the making of sales forecasts into the planning department. It does not belong there, because sales departments generally have the intimate knowledge which is essential to accurate forecasting of potentials. Because the science of forecasting is a comparatively new one, however, the planning department can act as a clearinghouse for information and methods.

This presentation outlines a basic setup which brings together the principal features of planning and the personnel primarily concerned. Many companies may wish to adapt this approach to their own circumstances.

AnSCO (Binghamton, N. Y.) has established a production and distribution planning committee, responsible for development and approval of annual and quarterly production, distribution, and inventory plans, subject to the final approval of the general manager. It is composed of the following permanent members with the respective primary responsibilities indicated:

<i>Member</i>	<i>Responsibility</i>
General planning, manager, Chairman	Procurement and distribution
Director of marketing research	Market potential
Assistant treasurer	Finance and profits
Sales service manager	Sales
Production control manager	Manufacturing

The group is maintained as a functional unit through meetings that are held monthly and annually and at such other times as required.

The regular activities of the committee revolve around these specific functions:

1. The development and approval of an annual and quarterly sales forecast and manufacturing program.
2. Establishing annual sales directives within the forecast.
3. Quarterly review, revision, and tentative extension of the annual sales forecast and manufacturing program.
4. Providing data from which long-range raw material requirements and purchases can be derived.
5. The development of sound distribution policies that result in

more efficient utilization of warehouses and lower transportation costs.

Each sales branch compiles and transmits its sales forecast so that it will reach the sales service department by the fifth working day of the second month of each quarter. This forecast covers three months in product detail. The forecast starts with the second month following. The product sections of the sales department review each branch's forecast, making necessary changes in line with their distribution responsibility. The figures from all branches are consolidated into a company forecast and entered on the product sales plan. With the first three-months' forecast as a basis and considering advertising, promotional plans, and marketing research data, the sales service department projects an additional three-months' forecast on the product sales plan by major product groups. From information supplied by marketing research, the sales department also forecasts an additional six months. Thus the product sales plan at all times covers 12 months. It is then forwarded to the central planning department by the tenth working day of the month. With the information provided by the product sales plan and the reports of branch and warehouse inventories received from the accounting department by the fifth working day of the month, the central planning department establishes a recommended production program.

The company sales forecast is checked against available production and inventory status. If the normal plant capacities do not meet the long-term net sales requirements, the problem is analyzed in relation to additional capacities required and submitted to production management for appro-

priate action. If production capacity is available, the next step is to calculate the average rate of production required per month during the next 12 months' period to meet the sales forecast and to adjust over-all inventories to the desired amounts.

A comparison of the calculated average production required by the forecasts with the production which can be obtained with present capacities indicates whether present capacity can be used at a uniform rate over a long term and just what the rate of utilization is. The proper balance is then established between producing at a 100 per cent uniform rate throughout the next 12 months (thus building inventories on fast moving items during slack sales periods) and planning minimum and maximum over-all inventories within reasonable limits, considering the time the supply will last, danger of obsolescence, and warehouse limitations.

After a review of the completed program, the details of the long-range program covering planned production, sales, and inventories are entered on a master summary form.

This completes the basic work, and not later than the fifteenth working day of the month the central planning department brings up to the production and distribution planning committee the following for review and approval:

1. Master summary of planned production, sales, and inventories.
2. Planned production program summary.
3. Inventory status summary.

After necessary approvals are received via the committee, the central planning department completes the "authorized shipment" columns on the product sales plans and returns them to the various product sections of the

sales service department, and authorizes the plant scheduling units to proceed with the detailed scheduling of machines and operations in accordance with the planned production program. Though top manufacturing management has a 90-day program at all times, producing departments are given only a monthly schedule 30 days in advance. A final schedule notice is sent to the particular department on the fifteenth day of each month prior to the month scheduled, which freezes that schedule for the following month and indicates that no material difficulties are anticipated at that time.

The product sales sections make the

necessary adjustments in branch quotas and enter them in the "authorized shipment" columns on the original sales forecast for each branch. The applicable sales forecast as approved is then returned to each branch so that it will be received by the end of the month. By using a carbon when the "authorized shipment" column on the approved sales forecast is completed, the information is also copied on the "master shipping schedule." This is sent to the finished products warehouse so that shipments can be planned for the designated month.

By DAVID M. RUSH. *N.A.C.A. Bulletin*, January 15, 1948, p. 551:10.

When Suggestion Systems Fail

SUGGESTION systems can be a healthy cathartic or a curse. In one large company, a properly integrated suggestion plan, in four years of operation, saved management \$5,697,748. In another organization, a similar type of plan cost management two work stoppages, near-chaos, a major strike, and the loss of three excellent executives.

The success or failure of any suggestion plan is in direct ratio to the level of development or lack of development of industrial democracy in the particular company involved. Many companies would be better off without any suggestion program than to continue a "lip service" type of plan breeding frictions, factions, and frustrations.

If a grievance is *anything*—right or wrong—which an employee thinks is a grievance, then we must never forget that:

(a) A suggested idea is someone's "baby"—it took at least some

personal effort and motivation; and

(b) If we push the suggestion around, we "compound the felony" of not only mistreating the "baby" but not even recognizing it is someone's baby.

To be specific in regard to programs which might be improved or salvaged, let us consider, in outline form, some essentials of a suggestion plan frequently overlooked:

1. Suggestion boxes are in inaccessible locations — no adjacent place to write upon.
2. There is no regular pickup of suggestions.
3. No acknowledgment is made of receipt of suggestions.
4. No interim report is given the suggestor if there is more than a 30-day delay in handling his idea.
5. No independent investigation is made by any unit or committee.

- (a) No catalogue of suggestions is kept and cross-reference made to pick up previously rejected suggestions which are now timely and acceptable.
 - (b) No help is given workers in writing up ideas.
 - (c) No follow-up is made of installed suggestions.
6. There is no written suggestion plan—by-laws—or ground rules; instead, there is divided responsibility without authority.
 - (a) There is no suggestion handbook for employees.
 - (b) Meeting is not held with workers and foreman to educate and explain.
 - (c) Publicity is mishandled.
 7. There is no “key-in” of Methods, Planning, Supervision, and Administrative Units.
 8. No use is made of necessary symbolism and rituals.
 - (a) Award ceremonies are not held.
 - (b) Certificates of merit are non-existent.
 9. No “keying in” of home is followed.
 10. Low or no cash awards are paid. The whole program is pursued with an air of frugality.
 11. There is no Award Committee, or a poorly representative one.
 12. No good reasons are given for turndown of ideas, nor does the suggestor have any “right of appeal.”
 13. The suggestion unit is a sieve—not a funnel (instead of vice versa).
 14. The forgotten men (supervision) are barred from awards for ideas not in the “line of duty.”
 15. There is no inter-unit, -plant, or -department exchange of adopted ideas.
 16. Supervisors do not receive their share of praise for ideas from the workers in their units.

There are doubtless many more items which could be listed for correction, but these should be sufficient to illustrate the reasons why many suggestion plans fail or bog down.

It must be remembered that most suggestion plans, in principle, are devices for encouraging employees to sell management their ideas—for a price which some managements are unwilling or unable to pay, either in dollars or at the expense of personal pride and egoism. It's a type of atomic “chain reaction” which can do much good under a proper setting and controlled and attended—but a great deal of harm if misdirected, unharnessed, and misinterpreted.

From an address by Robert B. Shapiro at a conference sponsored by the Chicago Technical Societies under the auspices of the Society for the Advancement of Management.

Shift Differentials in Manufacturing

THE majority of manufacturing establishments in the United States operating evening or night shifts (i.e., second or third and/or other shifts) paid shift differentials in 1945-46. Most frequently these premium payments amounted to 5 cents an hour added to the first-shift hourly rate. Despite high war and post-war production levels during this period, however, only about a fourth of the workers in the industries studied were employed on late shifts. Most of these employees were on evening shifts; only about one worker in 16 was employed on a night-shift schedule. This information represents a summary of shift-employ-

ment and shift-differential practices in 56 industries studied by the Bureau of Labor Statistics during 1945-46.

With a few exceptions, notably in the textile industries, premium pay was about as common for second- as for third-shift work. The size of the premium, however, tended to be somewhat greater for third than for second shifts. Five cents was the most common second-shift differential, whereas 6 to 10 cents was slightly more frequent for third-shift workers.

About two out of three establishments paying differentials made payment in the form of a uniform cent-per-hour addition to first-shift rates. Next most common was a uniform percentage differential, found in one out of five establishments; these differentials were generally larger, when translated into cents, than the uniform cents-per-hour premiums. A full day's pay for reduced hours of work and paid lunch periods, not provided for first-shift workers, were each provided by 2 or 3 per cent of the plants paying shift differentials. The remaining tenth paid a combination of the types of differentials described. Uniform cents-per-hour additions were especially common in the textile and chemical industries.

—*Monthly Labor Review* 8/47

Supervisors Get Bonus on Workers' Accepted Suggestions

SUPERVISORS get bonuses on workers' accepted ideas at United Specialties Company, Chicago. Thus the worker is not afraid to ask his foreman for help; the foreman is not afraid his department may be criticized; and company, foreman, and worker all benefit. Production is increased. Costs are lowered. Everyone makes more money.

Here's how the plan works:

W. Jessen, who ran a drill press, believed the loading and unloading of his machine could be simplified. The old screw vise tired him and, as he put it, "consumed a lot of valuable production time."

One day he got the idea that the part could be clamped in the machine with a foot-operated air vise. Convinced this scheme would improve quality and quantity of the product, as well as lessen the fatigue of the operator, he took the matter up with his foreman. The supervisor suggested a sketch to help explain the idea and assisted Jessen in writing a simple, easy-to-follow explanation on the suggestion blank.

After a thorough survey, including time and methods study, the committee found that the idea would save United about \$1,600 a year. Jessen's share of the saving was \$400—25 per cent of one year's savings—and the supervisor's reward was \$40—10 per cent of the employee's award.

Jessen is now on a different job—one that regularly pays him more money. His suggestion enabled the company to turn his original job over to a girl.

—CLARENCE E. ALBERT in *Factory Management and Maintenance* 3/48

Safety Check List for Welders

TEN-point safety plan for welders who want to live happily ever after is offered by *Linde Tips*, service publication of Linde Air Products Company, New York. Some highlights:

Wear clothing free of oil, grease, frayed edges that might easily ignite from sparks; napless wool is the best material. Roll down sleeves, trouser cuffs, to avoid catching sparks, slag. Wear high shoes or arrange trousers to cover tops of low shoes to keep slag out. Wear asbestos, leather, or fireproof fabric gloves, preferably with gauntlets.

Get and wear goggles with correct optical glass, preferably with frame of fiber, hard rubber, or plastic rather than heat-conducting metal. Protect self with sheet of metal propped against work table to deflect sparks, or wear leather apron. Don't use oxygen to blow dust and dirt from clothing; it might cause fire.

—*Modern Industry* 4/15/48

MARKETING MANAGEMENT...

Publicizing New Products

EVERY editor receives bales of press releases describing new products announced by manufacturers. The writers of those releases are concerned, naturally, with obtaining as much space as possible. On the other hand, the editor, who has only a limited amount of space at his disposal, faces the problem of getting as much news as possible into that space.

If releases were properly prepared, the whole problem of getting them into print would be enormously simplified. Following are some points which editors would like to see observed, particularly in the preparation of releases concerning new machines and new products.

Be sure it is news. Don't try to put one over by making a new release on an old item. You may get away with it once because the editor can't possibly remember every item he has published. But he will find out sooner or later, and from then on he is going to regard all your releases with suspicion.

Be sure it is right. Unless the writer is thoroughly familiar with the subject he should have his material checked by a company engineer.

Watch your English. Garbled ideas, faulty punctuation, redundancy, incorrect spelling, and downright misuse of words are all too common in releases.

Be brief. By all means tell the whole story, but don't try to make a textbook out of it. Give the bare facts. Cut out the adjectives. Above all, avoid comparison. You may believe that your product is better, lighter, prettier, or faster than any other, but the editor is

not going to say so. He has to think of the other fellow too.

Be clear. Despite what has just been said about brevity, don't overdo it. Neither the editor nor the subscriber is a mind reader, and he doesn't want to have to guess whether you are talking about a lathe or a drillpress. Don't use foreign words or little-known expressions. Don't try to be "cute" or funny—it may be misunderstood.

Give name and address. Don't assume that everybody knows who makes the "Whatsit" machine—there are still people who don't know who makes a Kodak. Give the full name and address of the manufacturer—Jones, New York, is not adequate—and display it prominently at the top of the page.

Use double spacing. An editor needs some room to make his corrections and changes, and he can't do it on single-spaced copy. It's a good idea also to leave fairly wide margins.

Use good paper. This does not mean high priced, all-linen stock, but do give the editor something he can write on. Stay away from soft surfaced paper that won't take ink or pencil decently, and especially avoid onion skin paper—it tears too easily and is often difficult to read. Remember that your original copy is frequently used by the typesetter. White paper is best, but pale blues and yellows are not objectionable.

Send pictures. If there is a picture of the product available, enclose it with the release. It takes up a lot of the editor's time to have to stop and write

you
oft
the
pic
10
ma
not

ing
aga
for
hav
if i
the
not
tor
or
the
gro

C
ma
sho
to
ma
rea
sho
con
of a
a 1,
who
be l
C
mor
only

T
oper
sent
the
flee
a st

* Stat
flee
ing

July,

you a letter asking for the picture. It often causes delays in publication, and there have been cases where the wrong picture was sent. If possible, use 8 X 10 glossy prints. Smaller pictures and mat surfaces can be used, but they will not give as clear a reproduction.

No cheesecake. If you're publicizing a bathing suit, that's something else again, but if it is a machine or a tool, forget the artistic aspect. You may have the best product in the world, but if it is held or operated by a pretty girl, the reader is going to look at her and not at your product. Unless an operator is essential, either to indicate size or method of using, it is better to show the machine alone against a plain background.

Close-ups, please. A row of 50 machines may look impressive in a shop, but when the picture is reduced to a one- or two-column cut in the magazine, it is pretty difficult for the reader to tell what you are trying to show. Use a close-up, and if you are concerned with only a small portion of a machine, such as a safety stop on a 1,000-ton press, don't try to show the whole machine—your little gadget will be lost on it.

One at a time. It may cost a little more in postage, but it is better to send only one release at a time. Don't over-

whelm the editor with a whole flock of releases at the same time. He is likely to throw half of them away on the ground that he can't possibly use so many at one time from one company. But if they come in one at a time, he doesn't notice the quantity so much. If you announce a new president and a new machine on the same day, don't put both announcements together. Such items are usually handled by different editors, and if they are together, one may never reach the man for whom it is intended.

Pick your medium. Don't pass out releases indiscriminately. There is no point in sending a release on a new type of house paint to a metalworking magazine. It will not be used, and if you keep on doing this, the editor may automatically discard all your releases without reading them. Then when you do send him something in his line, it will probably be passed up.

Only the most important news will get the editor to spend time tracking down information lacking in the release. News releases that are important to you have a better chance of rating space when they will fit the magazine with a minimum of editorial work left to be done.

BY H. E. LINSLEY. *Industrial Marketing*, April, 1948, p. 51 :3.

Four Companies' Fleet Operating Costs

TODAY management is showing renewed interest in the subject of operating costs of salesmen's cars. Presented below is a detailed analysis of the operating costs of four companies' fleets in 1947.* The figures will offer a starting point for any discussion of

allowance revisions, whether for salesman or company-owned fleets.

The fleets of companies A, B, and C were salesman-owned until the latter part of 1946, when they changed to company ownership. The company D fleet has been company-owned for 15 years.

Six hundred thirty-one cars were

* Statistics presented represent cost breakdowns on fleets operated for client companies by the consulting firm of Peterson, Howell, and Heather.

purchased for the four companies at a total cost of \$881,000.21, averaging \$1,396.20 per car. About 95 per cent are in the Chevrolet-Ford-Plymouth-Studebaker Champion price class. The other 5 per cent were in the next higher price class.

Ninety-seven cars were sold for an average price of \$1,414.05, after having been used one year. This unusual situation, under which a year-old car is sold for more than the cost of new ones, is due entirely to the present abnormal market conditions on new and used cars.

Total miles driven during the period were 7,755,660. This is an average rate of 21,840 miles per car, including both personal and business mileage. Personal mileage accounted for 1,404,768 miles, or 18 per cent of the total. Business mileage averaged 17,888 miles per car. Salesmen were given unrestricted personal use of the car, even on vacations. The companies pay all expenses, and charge the salesmen only 2 cents per mile.

Total cost of the expenses which are affected by mileage—gasoline, oil and oil changes, repairs, lubrication, tires and tubes—was \$145,115.64 or 1.87 cents per mile.

Since all cars are replaced annually in accordance with the plan under which these fleets operate, running expenses seldom exceed this figure, because expenditures for repairs, tires and tubes are kept to a minimum.

Standing expenses include the costs that are not appreciably affected by mileage, and are incurred regardless of how many miles the car is driven.

Annual depreciation expense is computed at the rate of 20 per cent of the cost of the car. A weekly depreciation charge is computed for each car, and

this amount is charged to expense each week for each car.

On this basis, the computed cost of depreciation was \$98,590.31—5.34 per car week, or 1.27 cents per mile.

Insurance costs vary widely between the companies included in this report. All companies purchased public liability and property damage insurance. But company A elected to purchase collision and fire and theft in addition. After a year's experience, it was demonstrated to be too expensive. The company has now dropped the collision insurance and is self-insuring, as are the other three companies.

Accident repairs cost only \$3,952.08, an average of 21 cents per car week or about \$11 per year. This is unusually low. But all men were driving new cars that were kept in good driving condition; and salesmen, as a class, are good drivers. These figures so indicate.

License and taxes averaged 44 cents per car week, or a little more than \$20 per year. License costs vary widely by states, from as little as \$3 per year to over \$30.

Storage and parking charges were kept to a minimum by adopting the rule of leaving cars outside at night to avoid storage charges. There were exceptions, of course, in extremely cold weather and certain special conditions. There are substantial variations in these costs between men working in cities, where storage costs are higher, and country salesmen. But the average cost of all cars under all conditions was only \$1.07 per car week, or .26 cent per mile.

Toll charges, washing, and miscellaneous expenses added 65 cents per car week to the cost, or .15 cent per mile.

Total standing expense, including all

the foregoing items, was \$166,137.42. This is \$8.99 per car week, or 2.13 cents per mile.

Running and standing expense combined, before deductions for the credits described below, totaled \$311,253.06. This is \$16.85 per car week or 4 cents per mile.

Ninety-seven cars sold for \$30,541.59 more than their book value at the time of sale, so this amount was credited to operating expense. As additional cars are sold, this figure will increase substantially above the average shown on the composite report of \$1.65 per car week, or .39 cent per mile.

The accrued manufacturer's fleet discount totaling \$10,666.80 was also credited to operating expense.

Charges to salesmen for 1,404,768 personal use miles resulted in a credit of \$28,095.36. Miscellaneous credits totaled \$2,152.64.

The total of the above credits was \$71,456.39, an average of \$3.87 per car week or .91 cent per mile.

The net cost to the companies for

total miles driven during the period was \$239,796.67, an average of \$12.98 per car week, or 3.09 cents per mile.

The only items not included in this analysis are interest on investment and the cost of the fleet management service. Both of these items vary by companies according to the company's policy regarding interest charges and the size of the fleet. The cost of both items, however, would not exceed a third of a cent per mile, in the average fleet.

The statistics on fuel consumption are interesting. Four hundred sixty-nine thousand fifty-two gallons of gasoline were purchased at an average cost of 23½ cents per gallon. The average consumption rate was 16½ miles per gallon of gasoline.

Twenty-five thousand five hundred fifty-nine quarts of oil were purchased at an average cost of 32.6 cents per quart. The average consumption rate was 303 miles per quart.

The Dartnell Corporation, Chicago.

Buying on Time

WAGE EARNER families are doing a considerable amount of their buying on the time payment plan rather than dipping into their reserves, according to a survey of the nationwide Wage Earner Forum conducted by Macfadden Publications, Inc. More than 60 per cent of them are still holding United States Savings Bonds. Moreover, 95 per cent of them have life insurance, and a large proportion of them also carry savings accounts.

Asked about buying on the time payment or instalment plan, 82.6 per cent of the workers reported that they do or would do so. This percentage varies from 75 per cent in the northeastern states to 90 per cent in the south. The men under 35 are more inclined toward time payments than are the older men, particularly those 45 years and over.

Their plans for the future are expressed this way: 23.1 per cent say the family intends to buy something on the instalment plan within the next few months; an additional 4.8 per cent say "maybe." In response to an inquiry as to what they plan to purchase, it was found that appliances come first with 40 per cent, followed by house furnishings with 26 per cent, automobiles with 17 per cent.

Substantiation of the statement above that 95 per cent of the workers carry life insurance is found in their answers to this question: "Which members of your family are covered by life insurance?" To it, 95.4 per cent of the men replied that they themselves were covered by life insurance. They are expecting to buy additional life insurance within the next year, say 8.8 per cent, while 22.2 per cent say "maybe"—a total of 31 per cent.

FINANCIAL MANAGEMENT...

Compensating the General Executive

BROADLY speaking, general managers may be divided into three groups, each of which calls for distinctly different compensation considerations. These might be defined as follows:

1. General managers responsible to the board of directors. They are to a large measure responsible for policies as well as administration of the business. They are directly responsible for profits, and their value to the business can be measured by that yardstick. This is, naturally, the highest paid and most essential group.

2. General managers reporting to a president or chairman of an executive committee, and not responsible for major policies. Those in this group are really assistants to the president, and are almost wholly administrative officers. Their value to the business lies in their ability to control expenses; to relieve the head of the business of administrative duties; to maintain balance between departments.

3. General managers of subsidiary or group companies (in reality department managers rather than general managers), which group does not come within the scope of this discussion.

There seems to be a direct relation between a company's volume of business and the average salary paid to general managers. Thus we find among the group whose sales exceed \$1 million that the average salary of general managers reporting to the board of directors is \$22,632. We find further that 72 per cent of the general managers in enterprises of that size report to the directors. Of the 11 per cent reporting to the president, the average salary is \$13,091.

There seems to be little relationship between the length of time a general

manager has been in the employ of his company and the salary he receives. That length of service is a factor, and an important factor, is obvious. But it is offset in compiling averages by a noticeable trend to bring in new and younger men. This, no doubt, is due to the war and the need for new blood in many established businesses.

In the group of organizations studied, the average length of service of general managers responsible to the directors for the management of the business is about 25 years. It ranges from 20 years in the group whose sales are between \$2 million and \$3 million annually, to 36 years in the \$5 million group. The service period in the smaller companies is much lower, as might be expected.

In the case of general managers reporting to a superior officer in the company, the service period would average about 16 years. Its range begins with 13 years in the \$1 million a year group, and climbs with some regularity to 18 years in the \$10 million and over group.

An analysis of 379 questionnaires sent out to representative concerns employing general managers, including manufacturers, fiduciary companies, wholesalers, and retailers, shows that 135, or 35.5 per cent of them, normally use some sort of incentive plan to permit the general manager to participate in profits he helps earn.

Nearly all companies which have used profit-sharing plans express them-

selves as being in favor of them when business is stable. Some report that even though there are profits this year, they will not be distributed as a bonus, because of the danger of deflation. Another group indicates that while they will retain profit sharing for major executives, a smaller percentage of the profits will be distributed hereafter, and a reserve built up for bonus use in a depression period.

Most companies, however, still regard the bonus plan as self-supporting and not an expense. They argue that even in a bad year the hope of a bonus stimulates management to redouble its efforts, thereby diminishing the loss. In good years, the extra incentive provided by profit sharing usually increases net profits beyond the amount of the general manager's share.

Among those who feel too much importance is attached to the ineffectiveness of profit sharing when there are no profits to be shared is Henry S. Dennison. On this point he said:

I believe conditions of moderate instability and irregularity of profits are not incompatible with managerial profit sharing. Such fluctuations as we have experienced in our own relatively stable business have given grounds to believe that a managerial profit-sharing plan, if properly managed, should be as effective in an irregular business as a steady one. The bad effects of years of low profits or even losses have been unduly emphasized. They have favorable possibilities of stimulation which have been usually overlooked.

As a matter of fact, with the high income tax rates now prevailing there is an advantage to the executive, as well as to the company, when payment of a bonus contingent upon profits is spread over several years. It equalizes the executive's income in bad years.

In the case of general managers who report directly to the board of direc-

tors and frequently perform all the duties of a president, though they may not have that title, the bonus is relatively large—constituting the biggest part of their compensation in good years.

A typical bonus plan for that type of executive is in use by a manufacturer of automobile parts, doing an annual business of about \$500,000 at present and employing 100 people. The business is located in a small city. This company sets aside 15 per cent of all profits at the end of each year, after first deducting 12 per cent for dividends on the common stock. The money goes into a bonus fund of which 50 per cent (one-half) is the general manager's share, and the other half is disbursed by the general manager among his associate executives as he sees fit. A percentage of salaries is usually followed in making such allocations.

General managers reporting to an active president usually participate equally with other administrative and operating executives on a percentage-of-salary basis. In fact, a number of companies make no exception of the general manager whatever, so far as profit sharing is concerned, feeling that, since he is a higher-salaried executive he will automatically receive a higher percentage of the profits to be shared under a salary allotment plan.

Nearly all profit-sharing plans in which the manager participates are figured on net profits after taxes. We find that companies which use the other plan, i.e., figuring the bonus on gross profits, do so in order that the company need not pay a tax on profits which are to be distributed as extra compensation, and are therefore on operating expense.

There is a way, however, of figuring the bonus subject to the deduction of income tax. By the use of this formula, published through the courtesy of Arthur Young & Company, it is possible to compute the bonus after taxes, and still throw the bonus back into operating expense so that it can be deducted from the company's taxable profit.

Suppose the manager of a company whose profits were \$200,000 is entitled to a bonus of 25 per cent of profits after deduction of income tax at the rate of $13\frac{3}{4}$ per cent. The formula would be:

$$\begin{aligned} \text{Let } x \text{ equal bonus} \\ 200,000 - ([200,000 - x] \cdot .1375) &= 4x \\ 200,000 - (27,500 - .1375x) &= 4x \\ 172,500 + .1375x &= 4x \\ 172,500 &= 3.8625x \\ x &= \$44,660.20 \end{aligned}$$

PROOF

Profits	\$200,000.00
Bonus—25% of net profits after deduction of income tax	\$ 44,660.20
Taxable profit	\$155,339.80
Tax at $13\frac{3}{4}$ %	21,359.22
Net profit	\$133,980.58

From *Executive Salaries and Contingent Compensation Plans*, an American Business report issued by The Dartnell Corporation, Chicago. 48 pages.

The Economic Role of Government

GOVERNMENTS—federal, state, and local—have an important role in the economic affairs of the nation. They produce and consume goods, collect taxes, pay benefits, change the supply of money in the nation, and increase or decrease the financial savings of the people.

According to Economic Accounting, Inc. (Decatur, Ill.), governments consumed in their activities the time, energies, and knowledge of 10 million workers, or 16.8 per cent of all gainfully employed persons during 1947. Of this total, 6,850,000 were in the direct employment of governments, while the goods which governments purchased from business enterprises required the services of about 3,200,000 workers to produce.

Taxes collected directly from families and individuals amounted to \$23.6 billions, equal to an average of \$535 per family.

Payments of wages, salaries, and other labor income amounted to \$16.9 billions, an average of \$3,122 for each worker directly employed.

Pensions, interests, and other benefits paid to families and individuals totaled \$16.6 billions, an average of \$376 for each of the 44,100,000 families.

Business enterprises collected taxes for governments in the total amount of \$32.8 billions. Payments of \$11.1 billions were received from governments for goods consumed and payments of \$5.6 billions for goods exported. Of this latter amount \$1.7 billions represented relief and gifts and \$3.9 billions were on account of government loans.

The direct payments of governments to the people exceeded the direct collections by \$8.9 billions in 1947. On the other hand, indirect collections exceeded indirect payments by \$16.2 billions.

Governments collected \$7.3 billions more than they paid out. This amount decreased the financial savings and money supply of the people and their business enterprises. Federal Government bonds owned by banks, the people, and their business enterprises were reduced by \$6.6 billions.

Significant changes in the economic role of governments (federal, state, and local) are disclosed by the economic accounts for the years 1947 and 1946. A comparison of 1947 with 1946 reveals that the number of employees decreased, wage and salary payments were less, purchases of goods were smaller, pensions and other benefits paid increased, contributions to exports were larger, taxes collected were larger, and the supply of funds available for savings was decreased.

The Outlook for Interest Rates

THESE are curiously confused times. Though we are not actively engaged in war, we are not at peace. We have embarked on a vast but as yet indeterminate program of foreign aid and domestic rearmament. We are near if not at the peak of a business boom which has been prolonged only by the application of economic stimulants.

We shall have to wait for clarification of many questions before taking a more positive view of the immediate prospect. Therefore, let us examine the decade ahead instead of the nearby perplexities.

We shall probably be more and more disposed in the next decade to take the view that the level of interest rates and bond yields is less important to our national welfare than such factors as the soundness of our credit system, the adequacy of savings in relation to the demand for funds in an expanding economy, and the protection of the purchasing power of our money.

We shall probably have to learn from hard experience that stable interest rates contribute to instability in business. Fluctuations in the price of credit are essential if the intricate mechanisms of money and credit are to fulfill their proper function.

Representations by governmental officials of their intention to control or to set the pattern of interest rates may come to be taken much less seriously than has been the case of late. At the end of the war, fiscal and central bank officials issued many statements declaring that no material declines in bond prices or advances in interest rates would be tolerated.

But in fact the past two years may be described as a postwar bear market

in government bonds. French obligations are 28 points under where they were early in 1946. British consols are off 23 points in the past year and a half. Our own government securities declined sharply a few months ago.

How will the Treasury, the Federal Reserve, and the policy of pegging the price of long-term Governments fit themselves into a rising interest rate picture? If the next period of prosperity is not to degenerate into a boom, the Federal Reserve must have power to curtail or stop the expansion of bank credit. This they cannot do as long as they have an implied commitment to peg the market for government securities.

It is to be hoped that the Federal Reserve Board will take advantage of any period of strength in the market for government bonds to make it clear that it will in the future be under no obligation—implied or actual—to buy these securities except when an expansion in Federal Reserve credit is necessary and desirable.

This problem is vital, and will be with us as long as the demand for credit is active.

Our government is counted on to spend billions of dollars to shore up the economy in case private business slumps. It has insured tens of billions of deposits, billions of mortgages, and the level of agricultural prices. It has tens of billions of demand obligations outstanding which holders may redeem in depression.

Where will the government get all these funds? The debt is already a quarter of a trillion dollars. The government is already collecting and spending \$40 billion in taxes per

annum. Leverage in our tax system is high. Revenue will decline sharply if business slumps. Where will the money come from for the government to use in preventing a slump from developing into a long depression?

Perhaps we shall have to search for means of stimulation other than heavy government outlays. It will be dangerous to approach a period of business reverses without a sound, realistic, and carefully thought-out program of action.

The government has been on a 15-year financial binge. This clearly is no time to be lulled into a sense of false security as to the need for real quality in loans and investments, carefully adjusted maturity positions, and old-fashioned standards of credit worthiness.

It may well be that the first phase of the postwar readjustment upward in interest rates and bond yields was completed early this year. Yields and rates may move downward in periods

when demand for credit is light or when the government is an active borrower. But these are apt to be temporary interruptions in a moderate upward trend over the years ahead.

Twenty-eight well-known students of investment trends were asked whether they thought that five years from now yields on long Governments, on long high-grade corporates, on mortgages, and on Treasury one-year certificates would be lower, about the same, up moderately, or up substantially.

Opinions on yields on long Governments were broken down as follows: about the same, 11; moderately higher, 14; materially higher, 3. Opinions regarding yields on long high-grade corporate bonds, broken down in the same order were: 4, 14, 10; regarding yields on mortgages, 4, 14, 10; regarding yields on Treasury certificates: 2, 12, 14.

BY MURRAY SHIELDS. *Barron's*, May 31, 1948, p. 5:2.

Retirement Plan That Encourages Participation

A NEW employee retirement program has been announced by the United States Tobacco Company, New York. Full-time employees 30 years of age or over who have served five years with the firm are eligible to participate in the plan. Normal retirement is at age 65, with earlier retirement at age 55 by permission.

If an employee leaves before he is 55, he receives his contributions plus compound interest. If he quits after attaining age 55 and leaves his contributions in the fund, his company contribution credits will be held for him until his retirement income starts at 65. Retirement income may begin at 55 on an adjusted basis under special arrangements with the company.

Management pays all past-service costs for employees joining the plan immediately when eligible.

An employee who does not wish to participate must sign a "waiver of benefits" form, which states that he is relinquishing all rights to benefits (though he retains the right to join the plan later). Such a procedure has merit, as it puts the employee "on the spot." Making him "vote" one way or the other encourages positive choice.

—Employee Benefit Plan Review, Spring, 1948

• THE WORST OBSTRUCTIONIST in any community is not the man who is opposed to doing anything, but the man who will not do what he *can* because he cannot do what he would *like* to do.

—J. L. LONG

INSURANCE...

Buy Coverage According to Plan

“UNLESS insurance is bought according to plan, it is a safe bet that a business firm not only does not have exactly the right insurance program; it does not even have the program it intended to have,” Edward F. Gebelein, home office representative of Aetna Casualty and Surety, told the Toledo, O., Association of Credit Men.

“Arranging a sound insurance program calls for intensive collaboration between the insurance buyer, who knows the intricacies of the business to be insured, and an insurance agent who knows the insurance business,” declared Mr. Gebelein.

“All too often, insurance policies are purchased one at a time over a period of years without due regard to the fact that coverage under one contract may overlap or otherwise interfere with coverage under another contract.

“In addition, changes are constantly occurring either in the insurance business or in the operations of the firm insured, and it is not surprising that what may have been an ideal insurance program a year or two ago is today a monstrosity.”

Emphasizing the need for expert insurance analysis as an essential step in the planning of an insurance program, Mr. Gebelein cited a number of prevalent program deficiencies from his own experience as analyst:

(1) With respect to fire insurance, failure to include extended coverage, malicious mischief and vandalism; failure to cover properly all insurable

forms of consequential damage; failure to insure against business interruption or, if covered, to insure on the proper form; failure to meet coinsurance requirements.

(2) With respect to criminal loss exposures, failure to insure against dishonesty of employees; failure to comply with policy conditions relative to keeping of records or furnishing the protection for which credits were allowed in the rate.

(3) Liability insurance written on a specific hazard rather than a comprehensive basis.

(4) Failure to insure against liability for damage to property of others, usually because of failure to visualize how serious such claims may be. The products liability hazard frequently is ignored for the same reason.

(5) Failure to insure properly against compensation losses on out-of-state operations.

Quoting percentages from a check of recommendations in several thousand insurance analyses, he said that: 42 per cent were subject to coinsurance penalties, 39 per cent were entitled to rate reductions, 36 per cent had policies containing incorrect statements, 31 per cent had overlapping coverage or insurance exceeding their requirements, 30 per cent did not have the best available policy for the risks insured, and 22 per cent failed to comply with all policy conditions.

In addition to these more common coverage deficiencies, Mr. Gebelein

described a number of other risk conditions commonly ignored in business firms' insurance programs because of their unusual or unforeseen nature.

As a preliminary to a five-point program for adequate business insurance coverage, Mr. Gebelein counseled the supervision of all insurance under one company official.

"Then," said Mr. Gebelein, "you as that official must:

"1. Select your insurance agent as you would your lawyer or your doctor on professional ability and not sociability. Make that agent your partner, think of him as a member of your staff, give him your complete confidence. Agency service is a major factor in determining the value of the insurance you buy. After you have selected your agent, secure from him an insurance analysis that meets the specifications I have indicated.

"2. Keep your agent fully informed of every change in your firm's business operations that may have even the slightest bearing on your insurance program. To do this effectively, you must arrange for key personnel—your foremen, superintendents, or branch managers—to report promptly all such

changes to you, the insurance buyer or insurance manager. Recently, because a foreman placed stock in an uninsured warehouse location, a manufacturer sustained a \$20,000 uninsured loss.

"3. With the assistance of your agent, determine which risks you wish to insure. It is unlikely that you will insure all of them, for it is said that anything is insurable if the rate is adequate. In making a decision, ask yourself, 'Would the loss be an inconvenience or a catastrophe?'

"4. Make certain that the companies with which you place insurance are licensed in all states where loss could occur; further, that they have good service facilities in those states.

"5. Do not buy on price alone. I know you are ever conscious of the narrowing margin between rising costs and selling prices, but insurance is like any other commodity: you usually get what you pay for. Investigate the security and service behind the contract.

"The most expensive insurance is the kind that doesn't pay off when loss occurs," Mr. Gebelein concluded.

The Weekly Underwriter, June 12, 1948, p. 1721:1.

Bond Underwriting Requirements

IN a discussion on surety bonding at a recent insurance agents' convention, Henry G. Dudley of Washington stressed the need to understand underwriting considerations.

The underwriter who passes final judgment on issuance of a construction bond, he said, will ask three questions:

1. Is the contractor well established,

and what is his general reputation? If not long established, what is his background? What has been his experience; is he thoroughly experienced in the kind of work (sewers, roads, bridges, building construction, etc.) which is contemplated by the bond being offered? Has he successfully completed other projects of the same or larger amounts? Is his organization

seasoned and experienced; does he have good estimators and superintendents? Does he have sufficient equipment to do the work?

2. What is the amount of the contractor's net working capital? This means the difference in dollars between his current assets (cash and other items which can be readily converted into cash) and his current liabilities (obligations which he owes currently as distinguished from long-term obligations). The customary yardstick applied by most underwriters is that the amount of net working capital should not be less than 10 per cent of the unfinished work on hand plus the work being bid.

3. How much of the job will be sublet, and will subcontractors give bond? If subcontractors will not be bonded, are they reliable and established concerns upon whom the general contractor can place complete reliance?

4. How much unfinished work does the contractor have on hand? This should be given job by job, with the original amount of the contract, the amount completed, and the probable date of completion.

5. How will payments be made under the contract, and how much will be retained by the owner from each payment?

6. The foregoing considerations apply generally to bid bond offerings. If a performance bond, what were the other bids by name and the amount of each? The low bid should not be more than 10 per cent below the amount bid by other responsible and experienced bidders. If it is more, the reason for the difference should be explained.

Essentially, these are the steps in the underwriter's mental process in considering a contract offering. It will be seen that they all have a direct bearing upon the thing which is guaranteed by the bond, the probability of successful completion of the project by the contractor. If the risk is weak in any of the factors mentioned it will have to be reinforced by special financing arrangements, outside indemnity, personal indemnity of corporate officers, or some other means to make it acceptable.

The Insurance Broker-Age, April, 1948, p. 14:2.

The Problem of Accident-Prone Drivers

THE reason why insurance companies are reluctant to accept automobile policies for drivers who have a record of previous accidents is adequately demonstrated by the results of a group study completed by the Personnel Research Federation. Four and one-half per cent of the drivers had 30 per cent of the accidents—seven times their quota. In another group, 800 drivers had 4,000 accidents—an average of five per driver; 400 had 3,200 accidents—eight per driver, and 800 had 10,800 accidents—or 13½ per driver! One hundred drivers who had accidentally killed one person each had previously killed three, and had had 38 other accidents. One Connecticut study showed that 4 per cent of the drivers were responsible for 36 per cent of all accidents.

The police chief of Oakland, Cal., Robert P. Tracy, says that some drivers reach the traffic court as many as 20 and, in some cases, 30 times. Of 22,800 drivers arrested in the first six months of 1945, 46.6 per cent had previously received citations. Of the 10,625 repeating violators, 4,011 were arrested for the second time; 2,197 for the third time; 1,307 for the fourth; 949 for the fifth time; and 2,101 for the sixth time or more. These 10,625 repeaters were responsible for a total of 37,432 violations in a little over five years.

—*The Casualty Insurer* 4/48

Survey of Books for Executives

A TRADE UNION ANALYSIS OF TIME STUDY.
By William Gomberg. Science Research Associates, Chicago, 1948. 243 pages. \$4.25.

*Reviewed by Marvin E. Mundel**

A book of criticism must be evaluated in the light of its objective. Is it a criticism of an honest statement of the problem? Is it an honest effort to delineate areas in need of improvement? These are fair questions, particularly since the reviewer remembers hearing Mr. Gomberg state the main thesis of this book in a talk in Chicago and receive as a rejoinder from one of the "engineers" attending the conference, delivered in an impassioned tone: "Bill, let's cut out the ——— and get down to facts."

Mr. Gomberg poses the reason for and the basic subject of his book as follows:

... if after months of negotiations and possibly strikes, at great financial sacrifice to both sides, a settlement has been reached involving a ten per cent change in basic rates, neither management nor labor is prepared to . . . use a time study technique . . . whose demonstrated inaccuracy may exceed this percentage . . . the solution to the basic problem of the validity of existing time study practice lies at the very heart of satisfactory industrial practices.

This is most certainly an honest statement of the problem.

Mr. Gomberg proceeds to examine the accuracy of time-measuring devices as they are currently used. He follows this with a discussion of the four main sources of variation in operator performance—the mechanical, the physiological, the psychological, and the sociological. They are treated in respect to their effect, the possibility of their control, and the limits of accuracy with which they can be corrected for (if not controllable). This is most certainly an honest effort to delineate areas in need of improvement.

For his discussion the author draws on the philosophy of the physicists, the work of the pioneers of "scientific management," and the experimental findings of a vast number of workers ranging from the Harvard Fatigue Laboratory to his own analysis of union grievances. Mr. Gomberg winds up with a highly critical view of the accuracy of

probable present-day prediction of a single worker's ultimate production on the basis of a previous time study, and a lower estimate of the accuracy of prediction for a group from a study of one of its members. He does, however, offer a considerable number of valuable suggestions for improving the satisfactoriness of present-day time study, such as increasing the number of values used until the probable error of the mean value employed is sufficiently small to warrant its use as a representative value.

Mr. Gomberg follows this with an examination of current union-management procedures for obtaining satisfactory production standards, including a sorting out of effective procedures. This section is without parallel in previous literature in the field and represents a summation of practice rather than theorizing or wishful thinking.

Here, replying to the critic of the author's oral presentation in Chicago, the reviewer would suggest that facts are presented in this book in concise and well-organized fashion. If they prove difficult to absorb, the fault lies in the profession to which they are directed, not in their presentation.

This work should be read not only by practicing time study men but also by executives who plan and direct their policies—not alone because they may meet these arguments over their own bargaining tables but also because management's ability to discharge its functions and our tenuous thread of industrial peace may be strengthened by mutual education and by a more dispassionate examination of all the facts and their validity. To this end, Mr. Gomberg's analysis represents a genuine addition to our knowledge of time study in its unique assembly of related data.

BEHAVIOR OF WAGES. By Jules Backman and M. R. Gainsbrugh. National Industrial Conference Board, Inc., New York, 1948. 96 pages. \$1.00.

*Reviewed by John T. Dunlop**

Diversity rather than uniformity has been the main characteristic of the wage struc-

* Department of Economics, Harvard University.

* Associate Professor of Industrial Engineering, Purdue University.

ture of American industry. This theme of the study is intended to be an antidote to the "belief in national wage patterns involving horizontal wage increases for all workers," to use the words of Dr. Virgil Jordan from the foreword.

The argument is twofold, corresponding to the principal divisions of the study. First, wages have in fact displayed great diversity in movement among different industries in the period 1923-47. Wage changes among industries have not been uniform (pp. 11-36). Second, if wages are to fulfill their function in a dynamic economy they must vary among industries at different rates "in response to underlying economic pressures." Wages have in fact responded to differences in employment, productivity, and labor costs among industries. If wage relationships do not change, unemployment results and government intervention is required to allocate manpower between expanding and contracting industries (pp. 37-72).

A series of 18 charts in Part I indicates great disparity in wage movements. The same conclusion is demonstrated whether wages are measured in terms of urban wage rates, average hourly earnings, average weekly earnings, and average yearly earnings, or whether wage changes are measured in percentage or dollar terms. Wage changes are shown for the periods 1923-29, 1929-32, 1929-39, 1939-41, 1941-46, and September, 1945, to February, 1947. Both NICB and BLS wage series are utilized for 25 and 120 industrial groupings respectively. This careful survey of the statistical evidence convincingly documents the fact of diversity of wage movements among industrial grouping of firms over a period of years.

A series of 11 charts (scatter diagrams) compare the movement in average hourly earnings in the period 1923-47, for the 25 industrial groups in NICB data, with variations in employment, value of product, value added by manufacture, productivity, unit labor costs, and wholesale prices. Among the more significant conclusions indicated by these comparisons are the following: Industries with expanding employment tended to have larger increases in average hourly earnings than did those with declining employment. There was a very general tendency for industries with relatively higher wage costs relative to value added to show smaller increases in average hourly earnings. This tendency is more significant than that based on value of product. While there is some tendency for above-average increases in productivity to be associated with higher increases in hourly earnings (and below-

average increases in productivity with lower wage increases), wage changes have not been closely associated with increases in productivity in individual segments of industry. These observations indicate that wage movements must differ among sectors of industry if the price of labor services is to perform its economic function. "Uniform wage adjustments are incompatible with the functioning of a free economy."

The statistical work has been carefully done and lucidly presented. While there are inevitable problems for the technician, such as the industrial classifications in Part II, more fundamental issues merit brief comment.

The theme of the study is directed against uniform wage adjustments *for all or most industries*. But has such uniformity ever been proposed? The authors demonstrate that even in the period following the release of wartime wage controls quite different patterns developed in the textile, construction, oil, and steel industries. On the explicit thesis that wage changes should not be uniform among "all or most" industries, there would be little, if any, opposition from labor or other circles. Absolute wage uniformity would find few supporters: it is a straw man.

The significant problem is rather the area of the economy over which a particular wage settlement should extend. The authors at times (pp. 68-71) appear to apply their case against uniform wage adjustments throughout the economy to uniform changes among companies in the same industry or to a group of related industries. Such is the area of actual controversy. Yet the statistical evidence and the formal argument of the study are not applicable to this problem.

In defining the area of wage uniformity of a particular key settlement, labor organizations tend to emphasize labor market and union interdependencies, while companies stress unique product market (competitive) factors. Since every firm has some unique features, it would be a hard doctrine that each company (in an industry and locality) should have a really distinctive wage pattern. How far should each "key bargain" extend? What about the company that falls between two key bargains? Are basic steel, automobile, and electrical manufacturing three industries or one for wage-setting purposes? These questions are difficult and deserve further investigation.

Behavior of Wages is a useful little book which will be of interest to all concerned with wage adjustments, representatives of management, union officers, arbitrators, and economists.

LABOR UNIONS IN ACTION. By Jack Barbash. Harper & Brothers, New York, 1948. 270 pages. \$3.50.

*Reviewed by A. A. Desser**

Too little has been written about the structure of American labor unions. Thus the objective efforts of Mr. Barbash will reveal many basic factors of contemporary unionism which should be helpful to the student of collective bargaining and related issues.

Highlights of labor history, from 1869 (when the Knights of Labor was founded) to the New Deal and post-New Deal era, are covered by the author in a realistic fashion. The various types of unionism are depicted in a manner which permits the reader to appreciate the basic differences between what the author aptly describes as "Rugged unionism—Ideological unionism—New Deal unionism—Communist unionism."

Reasons why employees join labor unions are tackled expertly in a paragraph titled "How and Why Unions Are Organized." Though much has been written about craft and vertical union structure, Mr. Barbash clarifies the types of union structure within both the AFL and CIO organizations. Various types of jurisdictional disputes are distinguished and dealt with. The author declares that unions do not want to usurp managerial prerogatives, that "the area over which the union feels it necessary to exercise some control varies with each situation."

In view of the charge leveled almost every day that unions aim to take over government through political action, it is pertinent to quote from the last paragraph of *Labor Unions in Action*: "It is extremely unlikely that the organized labor movement as a movement, or any substantial segment of it, will lend itself seriously to any revolutionary political upheaval in the United States." Political elections in this country since the inception of labor organizations (1741-1792) have shown that labor unionists have never constituted a homogeneous voting force favoring one political party (though there have been instances when organized labor, along with a section of the middle class, have supported social security measures like those enacted during the New Deal era or similar periods in the past).

The chapters of this book devoted to collective bargaining, research by unions, labor educational programs, the labor press, labor public relations, and international affairs should prompt the student of American unionism to delve much further into the issues raised.

Other highlights of the volume include

* American Arbitration Association, New York, N. Y.

industry-wide collective bargaining, arbitration, health and welfare, work rules, the psychological and technical aspects of collective bargaining, and an analysis of minimum standards set by various labor unions.

While it is impossible within the brief scope of this work (whose 270 pages include notes, references, and index) to do more than cover the highlights of the past, present, and future of collective bargaining relationships in our democracy, it is this reviewer's opinion that the book is "must" reading for all who are interested in the topics discussed.

HUMAN RELATIONS IN ACTION. By Calvin C. Thomason. Prentice-Hall, Inc., New York, 1948. 225 pages. \$2.65.

*Reviewed by H. G. Kenagy**

This book grew out of experience, both in the shop or office and in the conference classroom. The subject matter was obviously chosen for its functional value—to help people with specific, everyday human relations problems. It was clearly arranged with the needs of the teacher or conference leader in mind. The author drew on the advice and experience of many able practitioners in Rochester's progressive industrial organizations; he had the expert counsel of W. W. Charters and Ralph W. Tyler in evaluating the discussion-provoking problems and cases which close each chapter.

Most books on understanding and getting along with people deal primarily with principles or with the *whats* and *hows* of practice. The reader must either attempt his own application of the principles or search for specifics which seem usable in his own work. Mr. Thomason's book makes little attempt to develop or state principles; it offers no answers to specific problems. Instead it presents, in carefully condensed, understandable language, what is known about human nature; then calls for an immediate application of that knowledge to broad problems of human conduct, providing a variety of specific "cases" to bring out the desired discussion. The individual reader, and still more the discussion group, will develop principles as a natural by-product. Chapters on the nervous system and habit, how we learn, memory, emotional behavior, judgment, and personality provide the work-

* Vice President, Department of Public Services, The Mutual Benefit Life Insurance Company, Newark, N. J.

ing knowledge. Learning to solve problems by employing this knowledge is bound to give the student of human relations more confidence than could come from accepting principles or rules laid down by an authority.

The final chapters deal with such practical matters as counseling and placement, employee training, incentives, working conditions—all in relation to the over-all problem of improved human relations. Here again the emphasis is on developing methods and techniques in terms of what is known about how individuals learn, make judgments, feel,

and respond emotionally in work situations.

An appendix presents a very complete analysis of supervisory activities, the result of 20 years' research, checking against current practice and discussion with conference groups. This analysis should be most useful as a check list in preparing a duty or activity analysis for an individual supervisor.

While the author provides no bibliography or suggested references for further study, he makes numerous references, through quotations, to excellent source books and other material. An adequate index is appended.

BRIEFER BOOK NOTES

[Please order books directly from publishers]

AN INTRODUCTION TO JOB EVALUATION. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York, 1947. 40 pages. (Issued to Metropolitan Group policyholders; limited supply available to fill requests of other executives.) A simplified explanation of job evaluation from the standpoint of the practical problems faced by management. Points out the reasoning processes on which job evaluation is based, outlines the requirements for a successful program, and lists the steps involved and the pitfalls commonly encountered. While the various evaluation methods are described, the report is not intended to provide a detailed description of specific techniques.

SUCCESSFUL SALES MEETINGS. *Report No. 562*, The Dartnell Corporation, Chicago, 1947. 41 pages. \$7.50. The first section of this report deals largely with the general purposes of sales meetings, and the reasons why various companies sponsor different types of sessions. In Part II detailed consideration is given, by means of a series of case histories, to specific individual meetings that have proved unusually successful.

RETAILERS' MANUAL OF TAXES AND REGULATIONS. Institute of Distribution, Inc., 25 West 43rd Street, New York, N. Y., 1948. 202 pages. \$7.50. This is the tenth edition of a compilation first undertaken in 1935 to provide a tabular digest of the pertinent provisions of the federal and state laws of most concern to general merchants. The 1948 edition contains a great deal of data not heretofore covered.

YARDSTICKS OF MANAGEMENT. By Howard G. Benedict. Management Book Company, Los Angeles, Calif., 1946. Second edition. 192 pages. \$15.00. Presents a rather arbitrary and cumbersome scheme for rating the effectiveness of the management practices pursued throughout all the departments and functions of an organization. Lists more than 200 elements of management to which yardsticks are applied, accompanied by 150 pages of textual explanation of the method.

PREPARATION AND USE OF SALESMEN'S MANUALS. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York, 1948. 43 pages. (Issued to Metropolitan Group policyholders; limited supply available to fill requests of other executives.) A condensed summary of the problems and practices involved in preparing and using salesmen's handbooks.

INTERNATIONAL CONTACT DIRECTORY: *Information Services and Commercial Representatives of Foreign Countries in the United States.* Information Services, 119 West 57th Street, New York, N. Y., 1947. 20 pages. \$1.00. Lists commercial, cultural, and buying offices of 69 foreign governments, with names, addresses, and telephones of their 142 key representatives in this country.

CONSUMER PURCHASING POTENTIALS IN THE UNITED STATES—1948. By Serge Morosoff. The Dartnell Corporation, Chicago. \$10.00. Presents a new method of estimating sales potentials for consumer goods. The author, who developed the new technique in the course of his work as director of commercial research for Pacific Mills, has endeavored to supply the "missing link" between the Federal Government's studies of consumer purchasing and present marketing conditions. The study gives estimates of family incomes at six levels for 498 trading areas under present conditions; and the manufacturer is instructed simply to multiply the number of families in each territory in each income group by the multipliers for his particular product as given in the government studies. The result gives him total potentials for his industry in the 498 trading areas.

PROBLEMS OF HOSPITAL ADMINISTRATION. By Charles E. Prall. Physicians' Record Company, Chicago, 1948. 106 pages. A report of a study based upon interviews with 100 hospital administrators located in various sections of the United States.

OFFICE STANDARDS AND PLANNING BOOK. Art Metal Construction Company, Jamestown, N. Y. 92 pages. Gratis. A helpful handbook for office executives. The figures and statements presented are standards of office efficiency compiled from the practices of a large number of business concerns.

COMPULSORY FEDERAL ARBITRATION OF LABOR DISPUTES. Vol. 19, No. 6 of *The Reference Shelf*. Compiled by Julia E. Johnsen. The H. W. Wilson Company, New York, 1947. 316 pages. \$1.25. A compilation of outstanding recent articles both in favor of and opposed to compulsory governmental arbitration, with a number of articles presenting general background information. Features an extensive bibliography.

OFFICE MANAGEMENT. By John H. MacDonald. Prentice-Hall, Inc., New York, 1947. Third edition (revised). 466 pages. \$5.35. The present edition of this work deals with the same subjects that were covered in the first two editions, but the discussion has been completely revised and brought up to date. Many new illustrations of specific problems and methods used by representative companies have been added so that virtually all the material represents the current practices of well-known, progressive firms.

A GUIDE FOR REDUCING FUEL CONSUMPTION IN COMMERCIAL PLANTS. By J. F. Barkley, *et al.* Bureau of Mines, United States Department of the Interior, 1947. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 168 pages. 50 cents. This handbook assembles educational "quiz sheets" and reference material used in the Bureau of Mines' National Fuel Efficiency Program. Should prove of practical value to industrial and commercial users of fuel in cutting down waste and lowering fuel consumption.

INDUSTRIAL HEALTH ENGINEERING. By Allen D. Brandt. John Wiley & Sons, Inc., New York, 1947. 395 pages. \$6.00. A comprehensive handbook of information on industrial atmospheric contaminants and their control, including detailed data on the design and installation of equipment for the control of occupational diseases. Written by a well-known authority, the book covers those topics that are of particular importance to the practical engineer.

NINETEENTH BOSTON CONFERENCE ON DISTRIBUTION. Retail Trade Board, Boston Chamber of Commerce, 80 Federal Street, Boston 10, Mass., 1947. 90 pages. \$3.75. Features papers on these two major themes: "Improving Productivity in Distribution" and "World Conditions Affecting Distribution."

THEY BUILT BETTER THAN THEY KNEW. By Julius Henry Cohen. Julian Messner, Inc., New York, 1946. 376 pages. \$3.75. In a series of colorful portraits of men and women he has known and worked with, the author reveals the inside facts about many incidents which have made history during the past half-century. A section of the book is devoted to the history of collective bargaining in "Cloaks and Suits" and "Dresses and Waists," now among the most outstanding of all American experiments in collective bargaining. Mr. Cohen was prominent in legal, political, and business affairs during the period covered; he drew up the United States Arbitration Law as well as the New York and New Jersey statutes.

THE TRAINING DIRECTOR'S MANUAL. By James C. Dunbar. The Training Association of Southern California, Los Angeles, Calif., 1948. 99 pages. \$1.00. (Available through the author at Industrial Training Service, California State Department of Education, Los Angeles 13, Calif.) This practical, compact handbook is recommended reading for

anyone engaged in company training activities. It covers the following aspects of organized training: the growth and aims of the training department; the training department in the organization; the function of the training department; the duties and responsibilities of the training director; the training director; setting up a training program. Outlines of the training programs of Standard Oil Company, International Business Machines Corporation, Commonwealth Edison Company, Louisiana Light and Power, Johnson & Johnson, and Armstrong Cork Company are presented.

MARKETING HANDBOOK. Edited by Paul H. Nystrom. The Ronald Press, New York, 1948. 1,321 pages. \$7.50. An invaluable manual for anyone directly or indirectly interested in marketing or selling. The handbook is comprehensive in scope, extending over the activities of selling, advertising, promotion, research, and management which are included in marketing operations.

INTERNAL CONTROL STANDARDS AND RELATED AUDITING PROCEDURES. By Walter H. Kamp and James A. Cashin. Brock & Wallston, Stamford, Conn., 1947. 80 pages. \$5.00. Presents in concise form a new approach to the solution of current problems in internal control and auditing technique. Under this approach internal control standards are first identified, and the internal auditing procedures then are developed in terms of the standard. The volume also involves the case method of presentation, which is desirable in texts of this type.

CONSTRUCTIVE LABOR RELATIONS. By Richard A. Lester and Edward A. Robie. Princeton University Press, Princeton, N. J., 1948. 115 pages. \$2.00. This report deals with labor relations in four companies: Alexander Smith & Sons Carpet Co. (Textile Workers Union of America—CIO), Brown Instrument Co. (United Electrical, Radio, and Machine Workers of America—CIO), R. Hoe & Co. (International Association of Machinists—Ind.), H. Daroff & Sons (Amalgamated Clothing Workers of America—CIO). It is an investigation of the forces, policies, procedures, and conditions that promote good union-management relations and of the problems that arise under more mature collective bargaining.

OFFICE ORGANIZATION AND MANAGEMENT. By Harry L. Wylie and Robert P. Brecht. Prentice-Hall, Inc., New York, 1947. 534 pages. \$5.35. In this revised edition of the text, *Practical Office Management*, emphasis has been shifted from methods and machines to the human element and the problems of men in their work areas. More consideration has been given to selection, testing, training, personnel administration, the handling of grievances, office unionization, etc.—though the more tangible problems of procedures, equipment, and paperwork continue to receive adequate treatment.

HANDBOOK OF BUSINESS LETTERS. By L. E. Frailey. Prentice-Hall, Inc., N. Y., 1948. 1,301 pages. \$12.50. A practical manual of business letter-writing which provides an easy-to-read explanation of commonsense letterwriting principles plus a wealth of reference data to aid in settling questionable points with respect to letter mechanics. Covers every kind of business correspondence and thus should prove helpful to sales managers, credit men, personnel directors, chief executives, secretarial workers, and any clerk who must "talk on paper" or "take a letter."

INDUSTRIAL EXPERIMENTATION. By K. A. Brownlee. Chemical Publishing Co., Inc., Brooklyn, N. Y., 1947. 151 pages. \$3.75. This book is designed primarily for the use of those concerned with pilot-plant and plant-scale experiments on chemical manufacturing processes. It is a guide to both the planning and interpretation of experiments on an industrial scale, and will be of considerable value and interest to quality control technicians. Those who must apply critical tests of statistical significance in practice, often without a full knowledge of their theoretical background, will find this volume particularly useful.

PROCEEDINGS OF THE LIFE OFFICE MANAGEMENT ASSOCIATION. Life Office Management Association, New York, 1947. 416 pages. \$5.00. Among the subjects of general interest treated in these proceedings are: supervisory training, the evaluation of office operating departments, trends in office architecture, branch office operations, clerical salaries, developments in office methods and machinery, selection and development of technical and supervisory personnel, employee orientation and training, employee manuals, salary administration, and the establishment of transfer and promotion policies.

BUSINESS CYCLES AND FORECASTING. By Elmer Clark Bratt. Richard D. Irwin, Inc., Chicago, 1948. Third edition (revised). 585 pages. \$6.00. In this new edition of Dr. Bratt's popular text, the chapters on business-cycle theory have been rewritten in the

light of more recent knowledge. Newly available data provides the basis for a method of business cycle forecasting which the author considers far more promising than any heretofore employed. One of the outstanding features of this revised edition is its separate consideration of secondary trends.

ADMINISTRATIVE REFLECTIONS FROM WORLD WAR II. By Luther Gulick. University of Alabama Press, University, Alabama, 1948. 139 pages. \$2.50. Dr. Gulick examines the history of World War II, first to see to what extent the generally accepted theories and principles of administration were verified under war conditions; second, to see what lessons can be drawn from wartime experiments and developments for peacetime public administration. The author, who has pioneered in the development of administrative theory, was active during World War II in organization and programming for various government agencies.

PUBLIC RELATIONS AT WORK. By Herbert M. Baus. Harper & Brothers, New York, 1948. 242 pages. \$3.50. This book, by a successful public relations counsellor, undertakes to describe the major elements, devices, practices, and techniques of public relations, covering the field with a comprehensiveness not usually found in volumes on this subject. *Public Relations at Work* defines what public relations is and what it is not; analyzes its component elements and their relationships to each other; reveals public relations at work and shows how public relations can be constructively applied. Unfortunately, the book's broad coverage prevents sufficiently detailed treatment of many of the topics.

FILMS IN BUSINESS AND INDUSTRY. By Henry Clay Gipson. McGraw-Hill Book Company, Inc., New York, 1947. 291 pages. \$4.00. This book is designed not only to tell when and how to use films for industrial purposes, but to give a basic understanding of the grammar of the screen—the how and why of film construction. Fully illustrated and containing numerous case histories, it discusses the various ways in which films can be profitably applied to individual business needs—training personnel, advertising products, promoting safety, etc. Sales managers, advertising executives, personnel managers, and others concerned with the application of visual aids to the problems of industry will find this a valuable guide.

DICTIONARY OF LABOR ECONOMICS. By Byrne Horton. Public Affairs Press, Washington, D. C., 1947. 32 pages. \$1.00. Provides concise, understandable definitions of some of the more common terms in the field of labor economics. Because of the brevity of this work there are necessarily numerous gaps in its coverage.

IMPROVING SUPERVISION. By Frank Cushman and Robert W. Cushman. John Wiley & Sons, Inc., New York, 1947. 232 pages. \$2.50. Especially designed for "follow-up reading" in connection with foremen and supervisory training programs, this text emphasizes human relations problems. It is built around a "boiled down," composite analysis of the responsibilities of supervisors in a diversity of industrial and business organizations.

CUTTING ADVERTISING & PRINTING COSTS. Published by Funk & Wagnalls Company in association with Printers' Ink Publishing Co., Inc., New York, 1948. 391 pages. \$5.00. Compiled by the staff of *Printers' Ink* and leading contributors to the magazine, this new book gives such budget-saving hints as: 22 economies in initial preparation, 19 economies in paper, 45 economies in printing, 46 economies in art and engravings, 30 economies in catalogs and booklets, 64 economies in dealer helps, 115 economies in copy and tests, and 46 miscellaneous economy devices. This is a book of short-cuts to economy which will help any advertising or business man reduce his advertising and printing production costs—even in these days of rising prices—without impairing results.

ORGANIZATION OF BRITISH SUBSIDIARIES BY AMERICAN BUSINESS CORPORATIONS. By Roy A. Foulke. Dun & Bradstreet, Inc., New York, 1948. 72 pages. Gratis. A discussion of the practical problems involved in the establishment of English subsidiaries by American corporations. Of interest to American business executives considering the desirability of organizing subsidiaries in Great Britain because they see in them a possibility of monetary profit and, at the same time, a means of knitting our two countries more closely together. This pamphlet also includes balance sheet and operating ratios for 78 lines of business.

EXECUTIVE UNDERSTUDIES. By Russell L. Moberly and E. S. Buffa. Bureau of Business Research and Service, 404 Sterling Hall, University of Wisconsin, Madison, Wis., 1948. 24 pages. \$1.10. A survey of the selection and training of understudies by manufacturing executives in Wisconsin.

Univ
of th
Prof
plish
are
less

(
of T
Regis
indus

F
Louis
ducti
An E
Mora
Perso
Act;

M
Evans
the re
author
and r
profit
condi

T
Produ
study
Engla
evolut
numbe
mecha
by sur
of Bri

M
TRIA
ton U
from
major

T
mittee
copies
Policy
policy
and ta
These
and pr

A
EMPI
pany,
dieticia
selectio
of exp
interes

Ac
of Acc
corpor
The re

July, 1

PSYCHOLOGY AND MILITARY PROFICIENCY. By Charles W. Bray. Princeton University Press, Princeton, N. J., 1948. 242 pages. \$3.50. This book is the official history of the Applied Psychology Panel of the National Defense Research Committee, of which Professor Bray was at first technical aide, and later chief. It is not simply a list of accomplishments; successes with gun crews, night lookouts, radar operators, and other personnel are presented as examples to show what can be done elsewhere in the military. The same lessons can be applied to many complicated problems of equipment and personnel in industry.

COMPARATIVE ORGANIZATION. By L. Urwick. Manchester Municipal College of Technology, Manchester, England, 1947. 31 pages. (Copies may be obtained from the Registrar.) Deals with some of the problems of top organization in Britain's nationalized industries.

PROCEEDINGS OF THE 1947 LOUISIANA PERSONNEL CONFERENCE. Louisiana State University, Baton Rouge, La., 1947. 88 pages. Features papers on: Productivity Through Sound Employer-Employee Relations; Building Supervisory Employees; An Employee Disability Plan; The Company Newspaper's Role in Maintaining Worker Morale and Stimulating Worker Interest; The Changing Scene in Retail Personnel; Bank's Personnel Program; Principles of Collective Bargaining Under the National Labor Relations Act; Speech and Human Relations in Industry; Cooperation Between Management and Labor.

MARGINAL COSTING. By F. C. Lawrence and E. N. Humphreys. MacDonald & Evans, London, England, 1947. 117 pages. 12s. 6d. A plea by two British accountants for the replacement of Total Costing with the principles of Marginal Costs and Accounts. The authors state that when conditions in a factory are stable, marginal costs are always true and require no adjustment; they give clear and fully informative statements of cost and profit; and they expedite the preparation of detailed cost and financial accounts. When conditions are unstable, they point out, Marginal Costs are simple and easy to adjust.

TECHNOLOGICAL STAGNATION IN GREAT BRITAIN. Machinery and Allied Products Institute, 120 South La Salle Street, Chicago, Ill., 1948. 69 pages. 25 cents. This study of what the authors term the "decrepitude and obsolescence" into which much of England's industrial capacity has fallen is designed to show us how we can avoid a similar evolution in this country. Figures and facts are presented on the productivity of a large number of British industries and on the state of mechanization in that country. The non-mechanical factors underlying bad mechanization are also considered. The authors conclude by summarizing British recommendations for improvement, and by appraising the significance of British experience for this country.

MANAGEMENT PROCEDURES IN THE DETERMINATION OF INDUSTRIAL RELATIONS POLICIES. By Helen Baker. Industrial Relations Section, Princeton University, Princeton, N. J., 1948. 81 pages. \$2.00. Based on information received from 84 companies, this study covers the following topics: responsibility for decision on major personnel policies; the initiation and formulation of policies; outstanding problems.

TAXES AND THE BUDGET: A Program for Prosperity in a Free Economy. Committee for Economic Development, 285 Madison Avenue, New York, 1947. 78 pages. Single copies gratis; additional copies 25 cents each. This policy statement by the Research and Policy Committee of the CED presents a program consisting of two related parts: budgetary policy to set the proper relation between government expenditures and government receipts; and tax policy to raise the necessary revenues in the ways most appropriate to the objectives. These recommendations are offered by the CED as part of a rounded program of government and private action which must be developed for a solution of our basic economic problems.

A GUIDE TO THE SELECTION AND TRAINING OF FOOD SERVICE EMPLOYEES. Prepared by the American Dietetic Association. Burgess Publishing Company, Minneapolis, Minn., 1947. 47 pages. \$1.50. This manual has been compiled to guide dietitians and other food service administrators in developing a program to: facilitate the selection of suitable employees; raise the standards of food service and improve the efficiency of experienced employees; provide means of training inexperienced employees. Will be of interest to those responsible for the operation of industrial eating facilities.

ACCOUNTING SURVEY OF 525 CORPORATE REPORTS. American Institute of Accountants, New York, 1948. 97 pages. \$10.00. Presents the results of a survey of corporate annual reports issued by a large representative cross-section of industrial companies. The results of the analysis are summarized under five major headings: I. General; II.

Balance Sheet; III. Income Statement; IV. Surplus Statement; V. Accountant's Report. Interesting or unusual treatments found in the president's letter, the footnotes, or the accountants' reports are shown in conjunction with the topics to which they relate. Recommended reading for financial executives and corporate accountants.

THE FOREIGN TRADE HANDBOOK: A Guide to Exporting. By Edward Ewing Pratt. The Dartnell Corporation, Chicago, 1948. 1,463 pages. \$10.00. Treats the subject of export trade in a practical, brass-tack manner. Main sections cover: foreign trade organization; foreign trade management; financing foreign trade; foreign trade services; technical procedures in foreign trade; international commercial policies; factors in building foreign trade; legal aspects of foreign trade.

MUSIC IN RELATION TO EMPLOYEE ATTITUDES, PIECEWORK PRODUCTION, AND INDUSTRIAL ACCIDENTS. By Henry Clay Smith. Stanford University Press, Stanford University, California, 1947. 59 pages. \$1.75. This monograph reports the results of a controlled study of the effects of music on employee attitudes, piecework output, and industrial accidents in one medium-sized plant. The author concludes that music during working hours will generally improve production where repetitive work is common, and that it will provide widespread employee satisfaction. Music appeared to have had no influence on the plant's accident rate.

ADVERTISING: Theory and Practice. By C. H. Sandage. Richard D. Irwin, Inc., Chicago, 1948. Third edition (revised). 626 pages. \$6.00. In this new edition of Mr. Sandage's widely-used text, all material has been brought up to date, new illustrations have been added, and recognition has been given to developments which have taken place in the advertising field in recent years.

KNOW YOUR REAL ABILITIES. By Charles V. Broadley and Margaret E. Broadley. Whittlesey House, New York, 1948. 209 pages. \$2.75. Composed almost entirely of personal histories told in narrative style, this book describes how the aptitude tests devised by Johnson O'Connor's Human Engineering Laboratory have been used in matching men and jobs—in eliminating the problem of "square pegs in round holes."

INTERNATIONAL INDUSTRY YEARBOOK. Edited by Lloyd J. Hughlett. Kristen-Browne Publishing Company, Inc., 551 Fifth Avenue, New York, 1948. 415 pages. \$10.00. This is the first issue of an annual publication planned to summarize the technical progress achieved in the various fields of engineering and industry. Provides a broad horizontal review of significant developments in the following major areas: world industry; industrial research; air conditioning, refrigeration, and heating; cement and rock products; chemicals; communications; compressed air; electrical industry; electronics; food packing; glass, porcelain, and ceramic industries; industrial design; industrial illumination; materials handling; physical metallurgy; metalworking; mining; industrial packaging; paper and pulp industry; paint, varnish, and lacquer industries; petroleum; plastics; power industry; railroads; rubber; standardization; textiles.

INDUSTRIAL RELATIONS GLOSSARY. By the Research Staff of the Industrial Relations Center. University of Minnesota Press, Minneapolis, Minn., 1948. 20 pages. 75 cents. A carefully compiled glossary of the most frequently used terms in the industrial relations field. The definitions represent preferable usage as illustrated in a wide range of recent industrial relations literature.

INDUSTRIAL RELATIONS AND THE CONTROLLER. Controllers Institute of America, 1 East 42nd Street, New York 17, N. Y., 1947. 31 pages. 50 cents. Features papers on: Personnel and Industrial Relations and the Cost-Price Outlook; The Current Margin Squeeze and Cost Reduction; The Function of the Controller in Union Negotiations; Evaluating Employee Performance; Union Relations and Their Effect on Cost, Profit, and Operation; The Content of an Effective Labor Relations Program; The Selection of Employees.

DARTNELL DIRECTORY OF MAILING LIST SOURCES. The Dartnell Corporation, Chicago, 1948. Third edition (revised). 152 pages. \$5.00. A national compilation giving the sources, counts, costs, and details of more than 1,200 available mailing lists.